

**This booklet contains:**

[Form 541](#), Fiduciary Income Tax Return, Page 9 and Page 11

[Form 541-ES](#), Estimated Tax for Fiduciaries, Page 28 and Page 29

[Schedule D \(541\)](#), Capital Gain and Loss, Page 13 and Page 15

[Schedule J \(541\)](#), Trust Allocation of an Accumulation Distribution, Page 17 and Page 19

[Schedule K-1 \(541\)](#), Beneficiary's Share of Income, Deductions, Credits, etc., Page 21 and Page 23

[FTB 3563](#), Payment Voucher for Automatic Extension for Fiduciaries, Page 31

[FTB 3885F](#), Depreciation and Amortization, Page 13 and Page 15

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Franchise Tax Board

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State of California  
Franchise Tax Board

# 1994 Instructions for Form 541

## California Fiduciary Income Tax Return

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC).

### General Instructions

#### Changes You Should Note

**Federal Conformity.** In general, California **did not** conform its law to the changes made to the IRC by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt specific provisions of the 1993 federal changes and these provisions are specifically identified when appropriate. All other references in these instructions are to the IRC as it existed on January 1, 1993.

**Manufacturers' Investment Credit.** An estate or trust may qualify for a credit for the purchase of qualified property used in a manufacturing activity in California. The credit is equal to 6 percent of the cost incurred for purchasing qualified property on or after January 1, 1994, but may not be claimed until the estate or trust files Form 541 for the 1995 taxable year. Get FTB Pub. 1137, Manufacturers' Investment Credit, for more information.

#### A Purpose of Form

Fiduciaries must use Form 541 to:

- report the income received by an estate or trust;
- report the income that is either accumulated or distributed currently to the beneficiaries;
- report any applicable tax liability of the fiduciary; or
- file an amended return for the estate or trust.

A fiduciary includes a trustee of a trust including a qualified settlement fund, or an executor, administrator, or person in possession of property of a decedent's estate.

#### B Who Must File

**Decedent's Estate.** The fiduciary (or one of the joint fiduciaries) must file Form 541 for the estate of a decedent that has:

- gross income for the taxable year of more than \$8,000 (regardless of the amount of net income);
- net income for the taxable year of more than \$1,000; or
- an alternative minimum tax liability.

**Trust.** The fiduciary (or one of the joint fiduciaries) must file Form 541 for a trust that has:

- gross income for the taxable year of more than \$8,000 (regardless of the amount of net income);
- net income for the taxable year of more than \$100; or
- an alternative minimum tax liability.

**Bankruptcy Estate.** The fiduciary must file and compute tax on Form 541 for the estate of an individual involved in bankruptcy proceedings under Chapter 7, 11 or 12 of Title 11 of the United States Code (USC) if the estate has:

- gross income for the taxable year of more than \$8,000 (regardless of the amount of net income);
- net income for the taxable year of more than \$1,000; or

- an alternative minimum tax liability.

**Note:** IRC Section 1398 does not apply. For California taxation, the bankrupt is taxed as an estate in accordance with 11 USC Section 346(a) and (b).

**Qualified Settlement Fund (including Designated Settlement Fund).** The administrator must file Form 541 for a qualified settlement fund as defined under IRC Section 468B if:

- the court or government agency supervising the administration of the fund is in California; or
- the fund receives or expects to receive income from California sources, (i.e. income from real or tangible personal property located in California and income from intangible personal property with a business or taxable situs in California.)

**Note:** Print "QSF" in red at the top of Side 1 of Form 541.

#### C Definitions

See the instructions for federal Form 1041, U.S. Fiduciary Income Tax Return, for definitions of:

- fiduciary;
- decedent's estate;
- simple trust;
- income required to be distributed currently;
- complex trust;
- bankruptcy estate;
- grantor-type trust;
- family estate trust; and
- pooled income fund.

#### D Additional Forms You May Have to File

These instructions explain how to complete Form 541. You must file a separate Schedule K-1 (541) or acceptable substitute for each beneficiary.

You may also be required to file:

- Form 540, California Resident Income Tax Return;
- Form 540NR, California Nonresident or Part-Year Resident Income Tax Return;
- Form 541-A, Trust Accumulation of Charitable Amounts;
- Form 541-ES, Estimated Tax For Fiduciaries;
- Form 592, Nonresident Withholding Annual Return;
- Form 592-B, Nonresident Withholding Tax Statement;
- Schedule P (541), Alternative Minimum Tax and Credit Limitations — Fiduciaries; or
- Federal Forms 1099-A, B, INT, MISC, OID, R and S.

#### E Period Covered by the Return

File Form 541 for calendar year 1994 or a fiscal year beginning in 1994. Only trusts exempt from taxation under IRC Section 501(a) or a charitable trust described under IRC Section 4947(a)(1) and estates may have a fiscal year. If you do not file

for a calendar year, you must complete the taxable year space at the top of Form 541.

For estates, the moment of death determines the end of the decedent's taxable year and the beginning of the estate's taxable year. The first taxable year for the estate may be any period of 12 months or less that ends on the last day of a month.

#### F When to File

File Form 541 by the 15th day of the 4th month following the close of the taxable year of the estate or trust. For calendar year estates and trusts, file Form 541 and Schedules K-1 by April 17, 1995. If Form 541 cannot be filed by the 15th day of the fourth month (fiscal year filers) or April 17, 1995 (calendar year filers), the estate or trust has an additional six months to file without filing a written request for extension. However, to avoid late payment penalties, 100 percent of the tax liability must be paid by the original due date of the return.

If an extension of time to file is needed but an unpaid tax liability is owed, use form FTB 3563, Payment Voucher for Automatic Extension for Fiduciaries, included in this booklet.

If the return is not filed by the extended due date, delinquent filing penalties and interest will be imposed on any tax due from the original due date of the return.

A qualified settlement fund is treated as a corporation for filing and reporting purposes. Therefore the qualified settlement fund should file its California income tax return by the 15th day of the 3rd month following the close of the taxable year, normally March 15th. A copy of the federal Form 1120-DF, U.S. Income Tax Return for Designated Settlement Funds (Under Section 468B), and any statements or elections required by Treasury regulations must be attached to Form 541.

#### G Where to File

Mail Form 541 to the appropriate address listed below or file it at any Franchise Tax Board (FTB) district office. See page 32 for the District Office location nearest you.

If an **amount is due** with the return, mail the return and payment to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0001**

Be sure to include your federal employer identification number on all payments. Do not mail cash.

If a **refund or no amount is due**, mail the return to:

**Franchise Tax Board  
P.O. Box 942840  
Sacramento, CA 94240-0000**

#### H Estimated Tax Payments

Estates and trusts are required to make quarterly estimated tax payments. Estates and grantor trusts, which receive the residue of the dece-

dent's estate, are required to make estimated income tax payments for any year ending two or more years after the date of the decedent's death.

## I Decedent's Will and Trust Instrument

You do not have to file a copy of the decedent's will or the trust instrument unless you are requested to do so by the FTB.

## J Limitations

**At-Risk Loss Limitations.** Generally, the amount the estate or trust has "at-risk" limits the loss you may deduct for any taxable year. Get federal Form 6198, At-Risk Limitations, to figure the deductible loss for the year. Be sure to use California amounts.

**Passive Activity Loss and Credit Limitations.** IRC Section 469 (which California incorporates by reference) generally limits deductions from passive activities to the amount of income derived from all passive activities. Similarly, credits from passive activities are limited to tax attributable to such activities. These limitations are first applied at the estate or trust level. See the instructions for federal Form 1041 for more information on the passive activities loss and credit limitation rules. Get form FTB 3801, Passive Activity Loss Limitations, to figure the amount of allowable passive activity loss. Get form FTB 3801-CR, Passive Activity Credit Limitations, to figure the amount of credit allowed for the current year.

## K Special Rule for Blind Trust

If you are reporting income from a qualified blind trust (under the Ethics in Government Act of 1978), do not identify the payer of any income to the trust, but complete the rest of the return as provided in the instructions. Also write "Blind Trust" at the top of Side 1.

## L Multiple Trust Rules

Two or more trusts are treated as one trust if the trusts have substantially the same grantor(s) and substantially the same primary beneficiary(ies), and a principal purpose of such trusts is avoidance of tax. This provision applies only to that portion of the trust that is attributable to contributions to corpus made after March 1, 1984.

## M Interest and Penalties

**Interest.** Interest will be charged on taxes not paid by their due date, even if the return is filed by the extended due date.

**Late filing of return.** A penalty is charged if the return is filed after the due date (including extensions), unless there was reasonable cause for filing late. The penalty is 25 percent if the return is filed after the extended due date. If the return is late, the minimum penalty is \$100 or 100 percent of tax due on the return, whichever is less.

**Late payment of tax.** A penalty is charged for not paying tax by the due date unless there was reasonable cause for not paying on time. The penalty is 5 percent of the unpaid tax plus one-half of 1 percent for each month, or part of a month, that the tax is late, up to a maximum of 25 percent.

**Note:** If an estate or trust is subject to both the penalty for failure to file a timely return and the penalty for failure to pay the total tax by the due date, a combination of the two penalties may be assessed, but the total will not exceed 25 percent of the unpaid tax.

### Penalty for failure to provide Schedule K-1.

The fiduciary is required to provide Schedule K-1 (541) to each beneficiary who receives a distribution of property or an allocation of an item of the estate. A penalty of \$50 per beneficiary (not to exceed \$100,000 for any calendar year) will be imposed on the fiduciary if this requirement is not satisfied.

**Note:** If the estate or trust includes interest or any of these penalties with the payment, identify and enter these amounts in the bottom margin of Form 541, Side 1. Do not include the interest or penalty in the tax due on line 31, or reduce the overpaid tax on line 32.

**Other penalties.** Other penalties may be imposed for: a check returned by your bank for insufficient funds; negligence; substantial understatement of tax; and fraud.

## N Attachments

If the estate or trust needs more space on the forms or schedules, attach separate sheets showing the same information in the same order as on the printed forms.

Enter the estate's or trust's federal employer identification number on each sheet. Also, use sheets that are the same size as the forms and schedules and indicate clearly the line of the printed form to which the information relates. Show the totals on the printed forms.

## O Rounding to Whole-Dollar Amounts

The estate or trust should show the money items on the return and accompanying schedules as whole-dollar amounts.

## P Miscellaneous Items

California law follows federal law in the areas of:

- accounting methods;
- separate shares in a single trust;
- blind trusts;
- multiple trusts;
- simple and complex trusts;
- common trust funds; and
- excess distributions.

**Liability for tax.** The fiduciary is liable for payment of the tax. Failure to pay the tax may result in the fiduciary being held personally liable. See R&TC Sections 19071 and 19516 (former Sections 18621 and 19265).

**Estate income to be reported.** If a decedent at the date of death was a resident of California, the entire income of the estate must be reported. If a decedent at the date of death was a nonresident, only the income derived from sources within California should be reported.

### Trust Income to be Reported –

**Sources within California.** All of the income derived from sources within California and not distributable is taxable to the trust irrespective of the residence of the trustees or the beneficiaries.

**Sources outside California.** If either the trustee (or all trustees) or the noncontingent beneficiary (or all noncontingent beneficiaries) are residents, the trust is taxable on all income from all sources that is not currently distributable.

If there is more than one trustee, and if one or more are residents and one or more are nonresidents, and all noncontingent beneficiaries are nonresidents, and if the trust has income from sources outside California that is not currently distributable, the trust is taxable on that proportion of such income as the number of resident trustees bears to the total number of trustees. See 18 Cal. Code Reg. Section 17743.

If there is more than one noncontingent beneficiary, and if one or more are residents and one or more are nonresidents, and all trustees are nonresidents, and if the trust has income from sources outside California that is not currently distributable, the trust is taxable on that proportion of such income as the number of resident noncontingent beneficiaries bears to the total number of beneficiaries. See 18 Cal. Code Reg. Section 17744.

If the trust has resident and nonresident trustees and resident and nonresident contingent beneficiaries, the provisions of both of the preceding two paragraphs apply. See FTB Legal Ruling 238.

The apportionment described above does not apply when the interest of a beneficiary is contingent. See R&TC Section 17745 regarding taxability in such cases.

**Deductions upon termination.** A deduction shall be allowed to the beneficiaries succeeding to the property of the estate or trust if, upon termination, the estate or trust has (1) a capital loss carryover, or (2) for its last taxable year, deductions (other than the charitable deduction) in excess of gross income, or (3) a net operating loss.

**Tax-exempt income.** California does not tax:

- **Interest on governmental obligations.** Interest derived from bonds issued by California or its political subdivisions, the federal government, the District of Columbia (issued before December 24, 1973) or territories of the United States, is not taxable by California.
- **Proceeds of insurance policies.** In general, a lump-sum payable at the death of the insured under a life insurance policy is excludable from gross income of the recipient.
- **Miscellaneous items wholly exempt from tax.** (1) gifts (not received as a consideration for services rendered) and money or property acquired by bequest, devise or inheritance (but the income derived therefrom is taxable); (2) income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee; and (3) certain death benefits received from a decedent's employer (see IRC Section 101(b)).

**Withholding at source.** Fiduciaries must withhold tax on payments of income that are not subject to payroll withholding from California sources made to nonresident beneficiaries. See R&TC

Sections 18662 through 18677. Get Form 592, Nonresident Withholding Annual Return, and Form 592-B, Nonresident Withholding Tax Statement, to report the withholding.

See 18 Cal. Code Reg. Sections 17951-1(c), 17951-2 and 17953 regarding taxability of distributions to nonresident beneficiaries.

**Tax certificate.** If assets that exceed \$100,000 in fair market value are distributable to one or more nonresident beneficiaries and the fair market value of the estate's assets exceeded \$400,000 at the date of death, then pursuant to R&TC Section 19513, the fiduciary must obtain a tax clearance certificate prior to court approval of the fiduciary's final account. To request the certificate, file form FTB 3571, Request for Estate Income Tax Certificate.

The request should be filed at least 30 days prior to the court date for the hearing on the petition for final distribution of the estate assets.

## Specific Line Instructions

### Identification Area

Follow the instructions for federal Form 1041 when completing the identification area on Side 1 of Form 541. California law is generally the same as federal law in the areas of:

- simplified filing requirements;
- method of reporting;
- pooled income fund;
- amended returns;
- final returns; and
- nonexempt charitable and split-interest trusts.

**Note:** If the estate or trust is filing an amended Form 541, check the amended return box. Complete the entire return, correct the appropriate line(s) with the new information, and recompute the tax liability. On an attached sheet, explain the reason for the amendment(s) and identify the line(s) and amount(s) being changed on the amended return.

If the amended return results in a change to income, or a change in distribution of any income or other information provided to a beneficiary, an amended Schedule K-1 (541) must also be filed with the amended Form 541 and given to each beneficiary. Write "AMENDED" across the top of the corrected Schedule K-1.

### Income

#### Line 1 – Interest income

Enter the total of all taxable interest including any original issue discount bonds and income received as a holder of a regular interest in a Real Estate Mortgage Investment Conduit (REMIC).

#### Line 2 – Dividends

Enter the total of all taxable dividends.

#### Line 3 – Business income or (loss)

If the estate or trust was engaged in a trade or business during the taxable year, form FTB 3885F, Depreciation and Amortization, must be completed and attached to Form 541. Attach a copy of federal Schedule C or C-EZ (Form 1040) using California amounts. Follow federal instructions for dividing the deductions for depreciation, depletion and amortization between the fiduciary and the beneficiaries.

#### Line 4 – Capital gain or (loss)

Enter from Schedule D (541) the gain or (loss) from the sale or exchange of capital assets. See the instructions for Schedule D (541).

#### Line 5 – Rents, royalties, partnerships, other estates and trusts, etc.

Enter the total of net rent and royalty income or (loss) and the total income or (loss) from partnerships and other estates or trusts. Do not include amounts for:

- interest (enter on line 1);
- dividends (enter on line 2);
- capital gain or (loss) (enter on Schedule D (541)); and
- ordinary gain or (loss) (enter on Schedule D-1, Sales of Business Property).

Attach federal Schedule E (Form 1040), Supplemental Income and Loss. Use California amounts to show the fiduciary's share of income and expenses, including depreciation and depletion.

See the instructions for federal Form 1041 line 5, for information on how to divide the deductions for amortization, depreciation and depletion between the fiduciary and the beneficiary(ies).

Attach form FTB 3885F to report any depreciation and amortization deduction.

**Note:** IRC Section 179 and R&TC Sections 17252.5 and 17265 elections to expense certain depreciable business assets do not apply to estates and trusts.

Any losses and credits from passive activities may be limited. See General Instruction J for information about passive activity loss limitations.

#### Line 6 – Farm income or (loss)

Enter the net income or (loss) from farming during the taxable year. Attach federal Schedule F (Form 1040) using California amounts. Attach form FTB 3885F to report any depreciation and amortization deduction. Follow federal instructions for dividing the deductions for depreciation, depletion and amortization between the fiduciary and the beneficiary(ies).

#### Line 7 – Ordinary gain or (loss)

Enter from Schedule D-1 the gain or (loss) from the sale or exchange of property other than a capital asset and also from involuntary conversions (other than casualty or theft). For more information, get the instructions for Schedule D-1.

#### Line 8 – Other income

Enter the total taxable income not reported elsewhere on Side 1. State the nature of the income. Attach a separate sheet if necessary.

Examples of income to be reported on line 8 are:

- unpaid compensation received by the decedent's estate that is income in respect of a decedent;
- the estate's or trust's share of aggregate income or loss that is ordinary income, if the estate or trust is a shareholder of an S corporation. State the name and federal employer identification number of the corporation. Report capital gain income, dividend income, etc., on other appropriate lines;
- the estate's or trust's share of taxable income or (loss) if the estate or trust is a holder of a residual interest in a REMIC. You should receive Schedule K-1 (100S, 541, or 565) and instructions from the REMIC. Get federal Schedule E (Form 1040), Part IV, instructions

for reporting requirements and attach federal Schedule E (Form 1040); and

- any part of a total distribution shown on federal Form 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, etc., that is treated as ordinary income. For more information, get the instructions for California Schedule G-1, Tax on Lump-Sum Distributions.

### Deductions

All deductions entered on line 10 through line 15c must include only the fiduciary's share of deductions related to taxable income. If the estate or trust has tax-exempt income, the amounts included on line 10 through line 15c must be reduced by the allocable portion attributed to tax-exempt income. See the "Line-by-Line Instructions" for federal Form 1041 for information on how to determine the allocable amount to enter on line 10 through line 15c.

California law follows federal law for:

- fiduciary, attorney, accountant and return preparer fees;
- limited deductions for losses arising from certain activities; and
- limited deductions for farming syndicates that had a change in membership or were established in 1977 (see IRC Section 464). Bankruptcy estates: see 11 USC 346(e) for California deductions allowed for expenses incurred during administration.

#### Line 10 – Interest

Enter any deductible interest paid or accrued that is not deductible elsewhere on Form 541. Attach a separate schedule showing all interest paid or accrued. Do not include interest on a debt that was incurred or continued in order to buy or carry obligations, the interest on which is tax-exempt. If unpaid interest is due related persons, get federal Publication 545, Interest Expense, for more information.

The amount of investment interest deduction is limited. Get form FTB 3526, Investment Interest Expense Deduction, to compute the allowable investment deduction.

Any disallowed investment interest expense is allowed as a carryforward to the next taxable year. See IRC Section 163(d) and get federal Publication 550, Investment Income and Expenses, for more information.

If the allowable part of the excess investment interest expense is deductible and form FTB 3526 is required to be completed, write "FTB 3526 attached" on line 10. Then add the deductible interest to the other types of deductible interest and enter the total on line 10.

#### Line 11 – Taxes

Enter any deductible taxes paid or accrued during the taxable year that are not deductible elsewhere on Form 541.

Attach a separate schedule showing all taxes paid or accrued during the taxable year.

Taxes not deductible include:

- taxes assessed against local benefits that increase the value of the property assessed;

- income or profits taxes imposed by the federal government, any state or foreign country;
- taxes computed as an addition to, or percentage of, any taxes not deductible under the law;
- legacy, succession, gift or inheritance taxes; and
- sales and local general sales and use taxes.

#### Line 12 – Fiduciary Fees

Enter the deductible fees paid to the fiduciary for administering the estate or trust and other allowable administration costs incurred during the taxable year.

Allowable administration costs are those costs incurred in connection with the administration of the estate or trust which would not have been incurred if the property were not held in such estate or trust. These administration costs are not subject to the two percent floor (see instructions for Line 15b).

#### Line 13 – Charitable deductions

Figure the charitable deduction on Schedule A (541) and enter the total from Schedule A (541), line 7.

#### Line 14 – Attorney, accountant and return preparer fees

Enter the deductible attorney, accountant and return preparer fees paid for the estate or the trust.

#### Line 15a – Other deductions NOT subject to the 2% floor

Explain on a separate schedule all other authorized deductions that are not deductible elsewhere on Form 541. Enter the total on line 15c.

Include any net interest deduction on interest earned on enterprise zone, program area or Los Angeles Revitalization Zone investment that is more than the expense of earning that interest. Attach form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary or form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary.

**Casualty losses.** California law generally follows federal law. See federal Form 4684, Casualties and Thefts.

**Net operating loss deductions.** California law generally follows federal law. See R&TC Sections 17276 through 17276.2 and get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts, form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, and form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary for more information.

#### Line 15b – Allowable miscellaneous itemized deductions subject to the 2% floor

Miscellaneous itemized deductions are deductible only to the extent that the aggregate amount of such deductions exceeds two percent of adjusted gross income (AGI).

The term “miscellaneous itemized deductions” does not include deductions relating to:

- interest under IRC Section 163;
- taxes under IRC Section 164; and
- amortization of bond premium under IRC Section 171.

For more exceptions see IRC Section 67(b).

For estates and trusts, the AGI is computed by subtracting the following from total income (line 9):

- fiduciary fees of the estate or trust (line 12);
- income distribution deduction under IRC Section 651 or 661 (line 18); and
- other deductions claimed on line 10 through line 15a that were incurred in the conduct of a trade or business, or the production of income.

See the federal instructions for Form 1041 for more information regarding the income distribution deduction and AGI computation.

**Unallowable deductions.** No deductions are allowed for:

- expenses that are allocable to one or more classes of income (other than interest income) exempt from tax;
- any amount relating to expenses for production of income which is allocable to interest income exempt from tax. For the treatment of interest expense attributable to tax-exempt income, see the instructions for line 10. For the determination of the amount of expense attributable to tax-exempt income, see the instructions for federal Schedule B (Form 1041); or
- medical and dental expenses by the estate on Form 541.

### Tax Computation

#### Line 20a – Regular tax

Determine the tax on the taxable income (line 19) from the Tax Rate Schedule found on page 8 and enter it on line 20a.

#### Line 20b – Other taxes

- Tax from Schedule G-1, Tax on Lump-Sum Distributions, may be applied to lump-sum distributions from a qualified retirement plan. You must complete Schedule G-1 to figure the amount of tax to enter on line 20b.

- Partial throwback tax on accumulation distribution from trust.

If an estate or a trust is the beneficiary of a trust and in the current year received a distribution from the trust of income accumulated in prior taxable years (an accumulation distribution), the estate or trust may be liable for a partial throwback tax on the accumulation distribution. Under the throwback rules, the beneficiary of an accumulation distribution is taxed as if the distribution was made in the prior years when the income was accumulated. Compute the throwback tax on form FTB 5870A, Tax on Accumulation Distribution of Trusts. Include the tax on line 20b and attach form FTB 5870A to the return.

- IRC Section 644 tax.

Include on line 20b any tax attributable to gain realized by a trust on the sale or exchange of property within two years after receiving it from a transferor.

Follow the instructions for “IRC Section 644 tax on trusts” (Schedule G, line 1b) in the federal Form 1041 instructions.

- Interest on tax deferred under the installment method for certain nondealer property installment obligations.

If an obligation arising from the disposition of property to which IRC Section 453A applies is outstanding at the close of the year, the estate or trust must include the interest due under IRC Section 453A in the amount to be entered on line 20b. Attach a schedule showing the computation. List the amount of tax and “IRC Section 453A” on line 20b.

#### Line 20c – QSF Tax

Determine the tax under R&TC Section 24693.

### Tax Credits

#### Line 21 – Exemption credit

An estate is allowed an exemption credit of \$10. A trust is allowed an exemption credit of \$1.

**Note:** If a final distribution of assets was made during the year, all taxable income of the estate or trust must be entered on line 18, as distributed to beneficiaries, and no exemption credit is allowable.

#### Line 22 – Credits

A variety of California tax credits are available to reduce the tax. For most credits, a separate schedule or statement must be attached to Form 541. Follow the specific instructions for each credit described.

How to claim California tax credits:

1. Figure the amount of each credit using the appropriate form.
2. Use Schedule P (541) worksheet to determine if the credits are limited. Complete the credit limitation worksheet below unless the following exceptions apply.
  - a) If federal Schedule C, D, E or F (Form 1041) were not completed and the amount entered on Form 541, line 17, is less than \$20,000, **do not** complete the credit limitation worksheet. The credits are not limited.
  - b) If federal Schedule C, D, E or F (Form 1041) were completed and the amount entered on Form 541, line 17, is more than \$75,000, complete Schedule P (541), before entering any credits, including the exemption credit on Form 541. If condition a) or b) does not apply, complete the worksheet below.

#### Credit Limitation Worksheet

- A. Enter the amount from Form 541, line 17 . . . . . \_\_\_\_\_
  - B. Enter \$20,000 . . . . . \_\_\_\_\_
  - C. Subtract line B from line A. . . . . \_\_\_\_\_
- Note:** If the result is zero or less, do not complete the rest of this worksheet; the credits are not limited.
- D. Enter the amount from Form 541, line 20 . . . . . \_\_\_\_\_
  - E. Multiply line C by 8.5% (.085) . . . . . \_\_\_\_\_
  - F. Subtract line E from line D. If the result is less than zero, enter the amount in brackets \_\_\_\_\_

Complete Schedule P (541) if:

- the amount on line F is less than total credits, including exemption credits; or
- the amount on line E is greater than the amount on line D.

If the conditions on the prior page do not apply, do not complete Schedule P (541).

Generally, you will have to complete Schedule P (541) if the estate or trust takes an income distribution deduction under IRC Section 651 or Section 661.

If you do not need to complete Schedule P (541), then credits must be claimed in the order listed on Schedule P (541). Each credit is identified by a code number. If you claim only one credit, enter the credit code number and amount of the credit on line 22.

If you claim more than one credit, you must use Schedule P (541), Part IV, to figure the total credit amount. Enter on Form 541, line 22, the total of line 5b through line 39b of Schedule P (541), Part IV. Attach Schedule P (541) and any required supporting schedules or statements to Form 541.

If the estate or trust claims a credit with carryover provisions and the amount of the credit available this year exceeds the estate's or trust's tax, the estate or trust may carry over any excess credit to next year until the credit is used.

If you claim a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure this credit, unless you are required to complete Schedule P (541). In that case, enter the amount of the credit on Schedule P (541), Section B and do not attach form FTB 3540.

**Prison Inmate Labor Credit – Code 162**

Employers who paid wages to prison inmates employed under an approved joint venture agreement may claim a credit for wages paid. Get form FTB 3507, Prison Inmate Labor Credit, to figure this credit.

**Jobs Credit – Code 166**

Employers who paid wages to employees certified to meet the requirements of Section 328 of the Unemployment Insurance Code may claim this credit for a portion of the wages paid. Get form FTB 3524, Jobs Credit, to figure this credit.

**Low-Emission Vehicles Credit – Code 160**

Claim this credit for the amount that was authorized by the California Energy Commission. The credit is only allowed on vehicles registered in California. To apply for certification, write to:

California Energy Commission  
1516 Ninth Street, MS 41  
Sacramento, CA 95814

**Employer Ridesharing Credit – Codes 171 and 191**

Employers who sponsor a ridesharing incentive program or provide subsidized public transit passes to their employees may claim these credits. Get form FTB 3518, Employer Ridesharing Credits, to figure this credit. If you are not required to complete Schedule P (541), get form FTB 3540 to claim a carryover from prior years for the cost of sponsoring a ridesharing program for your employees, or for operating a private, third-party ridesharing program (under former R&TC Section 17053.1).

**Energy Conservation Credit Carryover – Code 182**

Claim this credit for the cost of installing energy conservation measures only if a carryover is available from prior years. If you are not required

to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Residential Rental and Farm Sales Credit Carryover – Code 186**

Claim this credit for selling residential rental or farm property only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Employer Child Care Program Credit – Code 189**

Employers may claim this credit for establishing a child care program or constructing a child care facility in California for use primarily by their employees. The credit is also available to building owners that establish a child care program for their tenant's employees. Get form FTB 3501, Employer Child Care Program/Contribution Credit, to figure this credit.

**Employer Child Care Contribution Credit – Code 190**

Employers may claim a credit for their contributions to a qualified child care plan made on behalf of any dependent under the age of 15 of the employer's California employee. Get form FTB 3501, Employer Child Care Program/Contribution Credit, to figure this credit.

**Recycling Equipment Credit – Code 174**

Claim a credit for purchasing qualified property used to manufacture products composed of secondary waste material. Get form FTB 3527, Recycling Equipment Credit, to figure this credit.

**Credit for Child Adoption Costs – Code 197**

For the year in which an order of adoption is entered, claim a credit equal to 50 percent of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. Qualifying costs include the adoption-related:

- fees of the Department of Social Services or a licensed adoption agency;
- medical expenses not reimbursed by insurance; and
- travel expenses for the adoptive family.

**Note:** Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 for each qualified adoption.

Use the worksheet below to figure this credit:

1. Enter qualifying costs for each child . . . . .	
2. Credit percentage — 50% . .	x .50
3. Credit amount. Multiply line 1 by line 2. . . . .	

If line 3 is more than \$2,500, the allowable credit is \$2,500. Carry over the excess credit to future years until the credit is used.

**Employer Ridesharing Credit – Codes 192 and 193**

Employers who sponsor a ridesharing incentive program or provide subsidized public transit passes to their employees may claim these credits. Get form FTB 3518, Employer Ridesharing Credits, to figure this credit. If you are not

required to complete Schedule P (541), get form FTB 3540 to claim a carryover from prior years for the cost of sponsoring a ridesharing program for your employees, or for operating a private, third-party ridesharing program (under former R&TC Section 17053.1).

**Water Conservation Credit Carryover (Trusts Only) – Code 178**

Claim this credit for the cost of installing water conservation measures only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Solar Pump Credit Carryover (Farmers Only) – Code 179**

Claim this credit for the cost of installing a solar pump system only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Agricultural Products Credit Carryover – Code 175**

Claim this credit for the cost of agricultural products donated to a nonprofit organization if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Enterprise Zone Hiring and Sales and Use Tax Credit – Code 176**

Employers may claim a credit equal to a percentage of wages paid to qualified individuals hired to work in an enterprise zone. Business operators may claim a credit equal to the sales or use tax paid on the purchase of machinery or machinery parts for use in an enterprise zone. Get form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, to figure this credit.

**Program Area Hiring and Sales and Use Tax Credit – Code 177**

Employers who paid wages to employees who were formerly unemployed residents of high density unemployment areas (program areas) may claim this credit. Business operators who paid sales or use tax on the purchase of machinery or machinery parts for use in a program area may also claim this credit. Get form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, to figure this credit.

**Los Angeles Revitalization Zone Hiring and Sales and Use Tax Credit – Code 159**

Employers may claim a credit equal to a percentage of wages paid to qualified individuals hired to work in the Los Angeles Revitalization Zone (LARZ). Business operators may claim a credit equal to the sales or use tax paid on the purchase of machinery and equipment for use in LARZ. Get form FTB 3806, Los Angeles Revitalization Zone Booklet, to figure this credit.

**Solar Energy Credit Carryover – Code 180**

Claim this credit for the cost of installing solar energy systems only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Commercial Solar Energy Credit Carryover – Code 181**

Claim this credit for the cost of installing commercial solar energy systems only if a carryover is available from prior years. If you are not required

to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Commercial Solar Electric System Credit Carryover – Code 196**

Claim this credit for the cost of installing qualified solar electric systems only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Research Credit – Code 183**

This credit is similar to the federal credit but is limited to costs for increasing research activities in California. Get form FTB 3523, Research Credit, to figure this credit.

**Orphan Drug Credit Carryover – Code 185**

Claim this credit for the cost of conducting orphan drug research in California only if a carryover is available from prior years. If you are not required to complete Schedule P (541), get form FTB 3540 to figure this credit.

**Low-Income Housing Credit – Code 172**

Claim this credit for the development of low-income housing in California. Get form FTB 3521, Low-Income Housing Credit, to figure this credit.

**Credit for Prior Year Alternative Minimum Tax – Code 188**

Claim this credit if alternative minimum tax (AMT) was paid in a prior year, or there is a carryover of credit for prior year AMT but there is no AMT liability for 1994. Get form FTB 3510, Credit for Prior Year Alternative Minimum Tax — Individuals and Fiduciaries, to figure this credit.

**Other State Tax Credit – Code 187**

Claim a credit, in certain cases, for net income tax paid to another state or U.S. possession on income also taxed by California. Get Schedule S, Other State Tax Credit, to figure this credit.

**Note:** No credit is allowed for income taxes paid to any city, the federal government or a foreign country.

## Other Taxes

**Line 25 – Alternative minimum tax (AMT)**

If certain types of deductions, exclusions and credits are claimed, the estate or trust may be subject to California's AMT. Get Schedule P (541) to figure the amount of tax to enter on line 25. Schedule P (541) must be completed regardless of whether the estate or trust is subject to AMT if an income distribution deduction is reported on line 18.

## Tax and Payments

**Line 27 – California income tax withheld**

Attach federal Form(s) W-2 if the fiduciary claims credit for California income tax withheld on a decedent's wages and salaries received by the fiduciary.

**Line 28 – California income tax previously paid (minus tax allocated to beneficiaries)**

Enter all taxes previously paid for the current taxable year. If filing an amended return, this includes payments made with the original return. Enter the serial numbers that the FTB stamped on the face of the canceled check(s) (for each previous payment) if available, in the space provided at line 28. If you did not receive a cancelled check or made any payment(s) with a credit card, attach a statement showing the

check number, the amount of the check or charge, the date posted to your account and the name of the payee (FTB).

**Note:** Estimated tax paid by an individual before death must be claimed on the income tax return filed for the decedent and not on the Form 541 filed for the decedent's estate.

However, reduce the amount of tax previously paid by the amount of estimated tax that was treated as a payment by the beneficiary.

Fiduciaries who are required to make estimated tax payments for more than 200 taxable trusts may submit the estimated tax payment information on magnetic tape or composite listing. For additional information about submitting Form 541 estimate payment information on magnetic tape or composite listing, call 1-800-852-5711.

The trustee (or executor under certain circumstances) may elect to allocate a portion of tax previously withheld to the beneficiary. Use federal Form 1041-T, Allocation of Estimated Tax Payments to Beneficiaries. California law generally follows federal law. See the instructions for federal Form 1041, line 24b for more information.

**Line 29 – Estimated tax payments and amount applied from 1993 return**

Enter the amount of any estimated tax payment the estate or trust made on Form 541-ES, Estimated Tax for Fiduciaries, for 1994. Also, enter the amount of any overpayment from the 1993 return that was applied to the 1994 estimated tax. Include payments made with form FTB 3563, Payment Voucher for Automatic Extension For Fiduciaries.

**Line 30 – Total payments**

Enter the total amount of all tax payments.

**Line 31 and Line 32 – Tax Due/Overpaid Tax**

If the amount on line 26 is larger than the amount on line 30 then your tax is larger than your payments and credits. Subtract line 30 from line 26. This is the amount of tax you owe before any voluntary contributions.

If the amount on line 26 is less than the amount on line 30 then your payments and credits are larger than your tax. Subtract line 26 from line 30. This is the amount of your refund before any voluntary contributions.

If the estate or trust must compute interest under the look-back method for completed long-term contracts, get form FTB 3834, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. Include the amount of interest the estate or trust owes on line 31 or the amount of interest to be credited or refunded to the organization on line 32. Write "FTB 3834" to the left of line 31 or line 32, whichever applies.

If the estate or trust completed the credit recapture portion of:

- form FTB 3501, Employer Child Care Program/Contribution Credit;
- form FTB 3518, Employer Ridesharing Credits;
- form FTB 3805Z, Worksheet I, Hiring Credit — Enterprise Zone and Program Areas; or
- form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary;

include the recapture amount on line 31. Write the applicable form number and the recaptured amount to the left of line 31.

**Line 33 – Credit to your 1995 estimated tax**

Enter the amount from line 33 that you want applied to your 1995 estimated tax.

**Line 34 – Amount of overpaid tax available this year**

If an amount is entered on line 33, subtract it from line 32. Enter the result on line 34. The entire amount may be refunded or voluntary contributions may be made.

**Line 35 – Total voluntary contributions**

Add voluntary contributions to the amount on line 31 or subtract voluntary contributions from the amount on line 34. The amount of tax due, including the contributions, must be paid when the return is filed. See the instructions for Schedule C, Voluntary Contributions, for more information.

**Line 36 – Refund or no amount due**

If no amount is entered on line 35, enter the amount from line 34 on line 36. This is the amount that will be refunded. If this amount is less than \$1, attach a written request to the return to request the refund.

If an amount is entered on line 35, subtract that amount from the amount on line 34. If the result is more than zero, enter the result on line 36. If the result is less than zero, this means that the voluntary contributions are more than the amount of overpaid tax available this year on line 34. In this case, subtract line 34 from line 35. Enter the result on line 37 and enclose payment for this amount.

**Line 37 – Amount due**

If no amount is entered on line 35, enter the amount from line 31 on line 37. This is the amount due with the return.

If an amount is entered on line 35, add that amount to the amount on line 31. Enter the result on line 37. This is the amount due with the return.

**Line 38 – Underpayment of estimated tax penalty**

If line 37 is \$100 or more and more than 20 percent of the sum of the tax on line 24, or the estate or trust underpaid its 1994 estimated tax liability for any payment period, it may owe a penalty. The FTB will figure the penalty for the estate or trust when it files the return and send a bill. Or, if the estate or trust wants, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if it owes a penalty and to figure the amount of the penalty. If the estate or trust completes form FTB 5805, be sure to attach the form to the front of Form 541, enter the amount of the penalty on line 38 and check the box on line 38. Complete and attach form FTB 5805 if claiming a waiver or using the annualized income installment method.

## Schedule A – Charitable Deduction

California law generally follows federal law. Simple trusts organized and operated exclusively for exempt purposes as indicated in R&TC Section 23701d are corporations for tax purposes and must establish their exemption from tax by filing Form 199, California Exempt Organization

Annual Information Statement or Return. A non-exempt charitable trust described in IRC Section 4947 is treated as a private foundation (if it meets the description of a private foundation under IRC Section 509(a)) and is required to comply with the reporting requirements of a private foundation.

A trust claiming a charitable deduction, etc., under IRC Section 642(c) for the taxable year must file the information return required by R&TC Section 18452 on Form 541-A.

California law follows federal law for contributions:

- attributable to current income; and
- not attributable to current income.

See the instructions for completing line 1 through line 7 of federal Schedule A (Form 1040).

## Schedule B Income Distribution Deduction

California law generally follows federal law.

### Line 1 – Adjusted total income

If the amount on Side 1, line 17, is less than zero and the negative number is attributable wholly or in part to the capital loss limitation rules under IRC Section 1211(b), then enter as a negative number on Schedule B, line 1, the lesser of the loss from Side 1, line 17, or the loss from Side 1, line 4. If the negative number is not attributable to the capital loss on line 4, enter -0-.

**Line 2** – Figure the adjusted tax-exempt interest as follows: From the amount of tax-exempt interest received, subtract the total of 1 and 2 below.

1. The amount of tax-exempt interest, including exempt interest dividends from qualified mutual funds, on Schedule A (541), line 4.
2. Any disbursements, expenses, losses, etc., directly or indirectly allocable to the interest (even though described as not deductible under R&TC Section 17280).

Figure the amount of the indirect disbursements, etc., allocable to tax-exempt interest as follows: Divide the total tax-exempt interest received by the total of all the items of gross income (including tax-exempt interest) included in distributable net income. Multiply the result by the total disbursements, etc., of the trust that are not directly attributable to any items of income.

Include any nontaxable gain from installment sales of small business stock sold prior to

October 1, 1987, and includable in distributable net income.

### Line 10 through Line 15

These lines provide for the computation of the deduction allowable to the fiduciary for amounts paid, credited or required to be distributed to the beneficiaries of the estate or trust. The deduction is equal to the amounts paid, credited or required to be distributed or the distributable net income, whichever is smaller, adjusted in either case to exclude items of tax-exempt income entering into distributable net income. See the instructions for completing line 11 through line 14 of federal Schedule B (Form 1041) and attach Schedule J (541), if required.

Complete and attach to Form 541 a properly completed Schedule K-1 (541) for each beneficiary. A substitute form or the information notice sent to beneficiaries may be used if it contains the information required by Schedule K-1 (541).

## Schedule C Voluntary Contributions

### Line 1 through Line 9

The estate or trust may make voluntary contributions of \$1 or more in whole dollar amounts to the funds listed below. If one or more voluntary contributions are made, complete Schedule C.

On Form 541, Side 1, line 35, enter the amount of the total voluntary contributions from Schedule C, line 10. If Schedule C was not completed, do not enter an amount on line 35.

If there is an overpaid tax on Form 541, line 34, the amount contributed must be subtracted from the overpaid tax. If there is a tax due on Form 541, line 31, the total contributions must be added to the tax due.

#### Alzheimer's Disease/Related Disorders Fund.

Contributions entered on line 1 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

#### California Fund for Senior Citizens.

Contributions entered on line 2 will be used for the California Fund for Senior Citizens which supports the work of the California Senior Legislature and direct services to seniors. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected

by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislations such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work will be distributed for direct services to needy seniors.

#### Rare and Endangered Species Preservation Program.

Contributions entered on line 3 will be used to help protect and conserve California's many threatened and endangered species and the wildlands they need to survive for the enjoyment and benefit of you and future generations of Californians.

#### State Children's Trust Fund for the Prevention of Child Abuse.

Contributions entered on line 4 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

#### California Breast Cancer Research Fund.

Contributions entered on line 5 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

#### Veterans Memorial Account.

Contributions entered on line 6 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and for an information program about the memorial.

#### California Firefighters' Memorial Fund.

Contributions entered on line 7 will be used for the construction of a memorial to California firefighters on the grounds of the State Capitol.

#### California Public School Library Protection Fund.

Contributions entered on line 8 will be used for the purchase of books and library media technology through grants awarded to schools.

#### California Olympic Training Fund.

Contributions entered on line 9 will be used by the United States Olympic Committee for Olympic Activities in California.

### Line 10 – Total Contributions

Add the amounts entered on line 1 through line 9. Enter the total here and on Form 541, Side 1, line 35. If no amounts are entered on line 1 through line 9 of Schedule C, do not enter an amount on Form 541, line 35.

## Tax Rate Schedule

IF THE TAXABLE INCOME IS . . .

over—	not over—
\$ 0	\$ 4,722
4,722	11,192
11,192	17,662
17,662	24,519
24,519	30,987
30,987	107,464
107,464	214,929
214,929	and over

Use this schedule to figure the tax on the fiduciary's taxable income (Form 541, line 19). Enter the tax on Form 541, line 20a.

COMPUTED TAX IS . . .

			of the amount over—
\$ 0	+	1.0%	\$ 0
47.22	+	2.0%	4,722
176.62	+	4.0%	11,192
435.42	+	6.0%	17,662
846.84	+	8.0%	24,519
1,364.28	+	9.3%	30,987
8,476.64	+	10.0%	107,464
19,223.14	+	11.0%	214,929



## 1994 California Fiduciary Income Tax Return

541

		MONTH	DAY	YEAR			MONTH	DAY	YEAR	
For calendar year 1994 or fiscal year beginning										
Check applicable boxes:		Name of estate or trust			Federal employer identification no.			<b>Do Not Write In These Spaces</b>		
<input type="checkbox"/> Decedent's estate										
<input type="checkbox"/> Simple trust		Name and title of fiduciary								
<input type="checkbox"/> Complex trust		Address of fiduciary (number and street or P.O. box)								
<input type="checkbox"/> Grantor type trust		Apartment number								
<input type="checkbox"/> Bankruptcy estate - Chpt. 7		City, state and ZIP code							P	
<input type="checkbox"/> Bankruptcy estate - Chpt. 11									AC	
<input type="checkbox"/> Pooled income fund									A	
									R	
									RP	

Check applicable boxes: ☐ First return ☐ Final return  
☐ Amended return. Attach explanation and schedules. ☐ Change in fiduciary's name or address

<b>I N C O M E</b>	1	Interest income . . . . .	1		
	2	Dividends . . . . .	2		
	3	Business income or (loss). Attach federal Schedule C or C-EZ (Form 1040) . . . . .	3		
	4	Capital gain or (loss). Attach Schedule D (541) . . . . .	4		
	5	Rents, royalties, partnerships, other estates and trusts, etc. Attach federal Schedule E (Form 1040) . . . . .	5		
	6	Farm income or (loss). Attach federal Schedule F (Form 1040) . . . . .	6		
	7	Ordinary gain or (loss). Attach Schedule D-1 . . . . .	7		
	8	Other income. State nature of income . . . . .	8		
	9	Total income. Combine line 1 through line 8 . . . . .	9		
<b>D E D U C T I O N S</b>	10	Interest . . . . .	10		
	11	Taxes . . . . .	11		
	12	Fiduciary Fees . . . . .	12		
	13	Charitable deduction from Side 2, Schedule A, line 7 . . . . .	13		
	14	Attorney, accountant and return preparer fees . . . . .	14		
	15a	a Other deductions not subject to 2% floor. Attach sch. . . . .	15a		
	15b	b Allowable misc. itemized deductions subject to 2% floor . . . . .	15b		
	15c	c Total. Add line 15a and line 15b . . . . .	15c		
	16	Total. Add line 10 through line 15c . . . . .	16		
<b>T A X  A N D  P A Y M E N T S</b>	17	Adjusted total income (or loss). Subtract line 16 from line 9. . . . .	17		
	18	Income distribution deduction from Side 2, Schedule B, line 16. Attach Schedule K-1 (541) . . . . .	18		
	19	Taxable income of fiduciary. Subtract line 18 from line 17 . . . . .	19		
	20	a Regular tax . . . . .; b Other taxes . . . . .; c QSF tax . . . . .; d Total . . . . .	20		
	21	Exemption credit (\$10.00 for an estate, \$1.00 for a trust) . . . . .	21		
	22	Credits. Attach worksheet. If one credit, enter code . . . . .	22		
	23	Total. Add line 21 and line 22 . . . . .	23		
	24	Subtract line 23 from line 20 . . . . .	24		
	25	Alternative minimum tax. Attach Schedule P (541) . . . . .	25		
26	Tax liability. Add line 24 and line 25 . . . . .	26			
27	California income tax withheld. . . . .	27			
28	California income tax previously paid (minus tax allocated to beneficiaries) FTB Serial No(s). . . . . See instructions . . . . .	28			
29	1994 California estimated tax and amount applied from 1993 return. Include amount paid with form FTB 3563, Payment Voucher for Automatic Extension . . . . .	29			
30	Total payments. Add line 27, line 28 and line 29 . . . . .	30			
31	Tax due. Subtract line 30 from line 26 . . . . .	31			
32	Overpaid tax. Subtract line 26 from line 30 . . . . .	32			
33	Amount of line 32 to be credited to 1995 estimated tax . . . . .	33			
34	Amount of overpaid tax available this year. Subtract line 33 from line 32 . . . . .	34			
35	Total voluntary contributions from Side 2, Schedule C, line 10 . . . . .	35			
36	Refund or No Amount Due. Subtract line 35 from line 34 . . . . .	36			
37	Amount Due. Add line 31 and line 35 . . . . .	37			
38	Underpayment of estimated tax. If form FTB 5805 is attached, check box at right . . . . . <input type="checkbox"/>	38			

**Schedule A Charitable Deduction** Do not complete for a simple trust or a pooled income fund. Attach statement listing the name and address of each charitable organization to whom your contributions totaled \$3000 or more.

1	Amounts paid for charitable purposes from current year's gross income . . . . .	1		
2	Amounts permanently set aside for charitable purposes from gross income . . . . .	2		
3	Add line 1 and line 2 . . . . .	3		
4	Tax-exempt income allocable to charitable contribution . . . . .	4		
5	Subtract line 4 from line 3 . . . . .	5		
6	Capital gains for the tax year allocated to corpus and paid or permanently set aside for charitable purposes . . . . .	6		
7	Total. Add line 5 and line 6. Enter here and on Side 1, line 13 . . . . .	7		

**Schedule B Income Distribution Deduction**

1	Adjusted total income. Enter amount from Side 1, line 17 . . . . .	1		
2	Adjusted tax-exempt interest and nontaxable gain from installment sale of small business stock. See instructions . . . . .	2		
3	Net gain shown on Schedule D (541), line 9, column a. If net loss, enter -0- . . . . .	3		
4	Enter amount from Schedule A, line 6 . . . . .	4		
5	Enter capital gain included on Schedule A, line 3 . . . . .	5		
6	If amount on Side 1, line 4 is a capital loss, enter the amount here as a positive figure . . . . .	6		
7	If amount on Side 1, line 4 is a capital gain, enter the amount here as a negative figure . . . . .	7		
8	Distributable net income. Combine line 1 through line 7 . . . . .	8		
9	Amount of income for the taxable year determined under the governing instrument (accounting income) . . . . .	9		
10	Amount of income required to be distributed currently . . . . .	10		
11	Other amounts paid, credited or otherwise required to be distributed . . . . .	11		
12	Total distributions. Add line 10 and line 11. <b>Note:</b> For complex trusts with previously accumulated income: If the total on line 12 is greater than line 9, complete Schedule J (541) and file it with Form 541 . . . . .	12		
13	Enter the total amount of tax-exempt income included on line 12 . . . . .	13		
14	Tentative income distribution deduction. Subtract line 13 from line 12 . . . . .	14		
15	Tentative income distribution deduction. Subtract line 2 from line 8 . . . . .	15		
16	Income distribution deduction. Enter the smaller of line 14 or line 15 here and on Side 1, line 18 . . . . .	16		

**Schedule C Voluntary Contributions.** See instructions.

1	Alzheimer's Disease/Related Disorders Fund . . . . .	● 48	1		00
2	California Fund for Senior Citizens . . . . .	● 49	2		00
3	Rare and Endangered Species Preservation Program . . . . .	● 50	3		00
4	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	● 51	4		00
5	California Breast Cancer Research Fund . . . . .	● 52	5		00
6	Veterans Memorial Account . . . . .	● 53	6		00
7	California Firefighters' Memorial Fund . . . . .	● 54	7		00
8	California Public School Library Protection Fund . . . . .	● 55	8		00
9	California Olympic Training Fund . . . . .	● 56	9		00
10	Total voluntary contributions. Add line 1 through line 9. Enter here and on Side 1, line 35 . . . . .	● 59	10		00

**Other Information** **Note:** Income of final year is taxable to beneficiaries

1	Date trust was created or, if an estate, date of decedent's death . . . . .	5	Did the estate or trust receive tax-exempt income? . . . . .
2	a If an estate, was decedent a California resident? . . . . .		If yes, attach computation of the allocation of expenses
	b Was decedent married at date of death? . . . . .	6	Is this return for a short taxable year? . . . . .
	c If yes, enter surviving spouse's social security number and name . . . . .	7	If a trust:
3	If an estate:		a Number of California resident trustees . . . . .
	a FMV of decedent's assets at date of death . . . . .		b Number of nonresident trustees . . . . .
	b FMV of assets located in California . . . . .		c Total number of trustees . . . . .
	c FMV of assets located outside California . . . . .		d Number of California resident beneficiaries . . . . .
4	If this is the final return, enter date of court order authorizing final distribution . . . . .		e Number of nonresident beneficiaries . . . . .
			Total number of beneficiaries . . . . .
		8	Enclose a copy of the <b>FIRST TWO PAGES</b> of your <b>1994 Form 1041, U.S. Fiduciary Income Tax Return.</b>

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of fiduciary or officer representing fiduciary		Date
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Preparer's social security no.
	Firm's name (or yours, if self-employed) and address	Check if self-employed <input type="checkbox"/>	F.E.I.N.

## 1994 California Fiduciary Income Tax Return

541

		MONTH	DAY	YEAR			MONTH	DAY	YEAR	
For calendar year 1994 or fiscal year beginning										
Check applicable boxes:		Name of estate or trust			Federal employer identification no.			<b>Do Not Write In These Spaces</b>		
<input type="checkbox"/> Decedent's estate										
<input type="checkbox"/> Simple trust		Name and title of fiduciary								
<input type="checkbox"/> Complex trust		Address of fiduciary (number and street or P.O. box)								
<input type="checkbox"/> Grantor type trust		Apartment number								
<input type="checkbox"/> Bankruptcy estate - Chpt. 7		City, state and ZIP code							P	
<input type="checkbox"/> Bankruptcy estate - Chpt. 11									AC	
<input type="checkbox"/> Pooled income fund									A	
									R	
									RP	

Check applicable boxes: ☐ First return ☐ Final return  
☐ Amended return. Attach explanation and schedules. ☐ Change in fiduciary's name or address

<b>I N C O M E</b>	1	Interest income . . . . .	1		
	2	Dividends . . . . .	2		
	3	Business income or (loss). Attach federal Schedule C or C-EZ (Form 1040) . . . . .	3		
	4	Capital gain or (loss). Attach Schedule D (541) . . . . .	4		
	5	Rents, royalties, partnerships, other estates and trusts, etc. Attach federal Schedule E (Form 1040) . . . . .	5		
	6	Farm income or (loss). Attach federal Schedule F (Form 1040) . . . . .	6		
	7	Ordinary gain or (loss). Attach Schedule D-1 . . . . .	7		
	8	Other income. State nature of income . . . . .	8		
	9	Total income. Combine line 1 through line 8 . . . . .	9		
<b>D E D U C T I O N S</b>	10	Interest . . . . .	10		
	11	Taxes . . . . .	11		
	12	Fiduciary Fees . . . . .	12		
	13	Charitable deduction from Side 2, Schedule A, line 7 . . . . .	13		
	14	Attorney, accountant and return preparer fees . . . . .	14		
	15a	a Other deductions not subject to 2% floor. Attach sch. . . . .	15a		
	15b	b Allowable misc. itemized deductions subject to 2% floor . . . . .	15b		
	15c	c Total. Add line 15a and line 15b . . . . .	15c		
	16	Total. Add line 10 through line 15c . . . . .	16		
<b>T A X  A N D  P A Y M E N T S</b>	17	Adjusted total income (or loss). Subtract line 16 from line 9. . . . .	17		
	18	Income distribution deduction from Side 2, Schedule B, line 16. Attach Schedule K-1 (541) . . . . .	18		
	19	Taxable income of fiduciary. Subtract line 18 from line 17 . . . . .	19		
	20	a Regular tax . . . . .; b Other taxes . . . . .; c QSF tax . . . . .; d Total . . . . .	20		
	21	Exemption credit (\$10.00 for an estate, \$1.00 for a trust) . . . . .	21		
	22	Credits. Attach worksheet. If one credit, enter code . . . . .	22		
	23	Total. Add line 21 and line 22 . . . . .	23		
	24	Subtract line 23 from line 20 . . . . .	24		
	25	Alternative minimum tax. Attach Schedule P (541) . . . . .	25		
26	Tax liability. Add line 24 and line 25 . . . . .	26			
27	California income tax withheld. . . . .	27			
28	California income tax previously paid (minus tax allocated to beneficiaries) FTB Serial No(s). . . . . See instructions . . . . .	28			
29	1994 California estimated tax and amount applied from 1993 return. Include amount paid with form FTB 3563, Payment Voucher for Automatic Extension . . . . .	29			
30	Total payments. Add line 27, line 28 and line 29 . . . . .	30			
31	Tax due. Subtract line 30 from line 26 . . . . .	31			
32	Overpaid tax. Subtract line 26 from line 30 . . . . .	32			
33	Amount of line 32 to be credited to 1995 estimated tax . . . . .	33			
34	Amount of overpaid tax available this year. Subtract line 33 from line 32 . . . . .	34			
35	Total voluntary contributions from Side 2, Schedule C, line 10 . . . . .	35			
36	Refund or No Amount Due. Subtract line 35 from line 34 . . . . .	36			
37	Amount Due. Add line 31 and line 35 . . . . .	37			
38	Underpayment of estimated tax. If form FTB 5805 is attached, check box at right . . . . . <input type="checkbox"/>	38			

**Schedule A Charitable Deduction** Do not complete for a simple trust or a pooled income fund. Attach statement listing the name and address of each charitable organization to whom your contributions totaled \$3000 or more.

1	Amounts paid for charitable purposes from current year's gross income . . . . .	1		
2	Amounts permanently set aside for charitable purposes from gross income . . . . .	2		
3	Add line 1 and line 2 . . . . .	3		
4	Tax-exempt income allocable to charitable contribution . . . . .	4		
5	Subtract line 4 from line 3 . . . . .	5		
6	Capital gains for the tax year allocated to corpus and paid or permanently set aside for charitable purposes . . . . .	6		
7	Total. Add line 5 and line 6. Enter here and on Side 1, line 13 . . . . .	7		

**Schedule B Income Distribution Deduction**

1	Adjusted total income. Enter amount from Side 1, line 17 . . . . .	1		
2	Adjusted tax-exempt interest and nontaxable gain from installment sale of small business stock. See instructions . . . . .	2		
3	Net gain shown on Schedule D (541), line 9, column a. If net loss, enter -0- . . . . .	3		
4	Enter amount from Schedule A, line 6 . . . . .	4		
5	Enter capital gain included on Schedule A, line 3 . . . . .	5		
6	If amount on Side 1, line 4 is a capital loss, enter the amount here as a positive figure . . . . .	6		
7	If amount on Side 1, line 4 is a capital gain, enter the amount here as a negative figure . . . . .	7		
8	Distributable net income. Combine line 1 through line 7 . . . . .	8		
9	Amount of income for the taxable year determined under the governing instrument (accounting income) . . . . .	9		
10	Amount of income required to be distributed currently . . . . .	10		
11	Other amounts paid, credited or otherwise required to be distributed . . . . .	11		
12	Total distributions. Add line 10 and line 11. <b>Note:</b> For complex trusts with previously accumulated income: If the total on line 12 is greater than line 9, complete Schedule J (541) and file it with Form 541 . . . . .	12		
13	Enter the total amount of tax-exempt income included on line 12 . . . . .	13		
14	Tentative income distribution deduction. Subtract line 13 from line 12 . . . . .	14		
15	Tentative income distribution deduction. Subtract line 2 from line 8 . . . . .	15		
16	Income distribution deduction. Enter the smaller of line 14 or line 15 here and on Side 1, line 18 . . . . .	16		

**Schedule C Voluntary Contributions.** See instructions.

1	Alzheimer's Disease/Related Disorders Fund . . . . .	● 48	1		00
2	California Fund for Senior Citizens . . . . .	● 49	2		00
3	Rare and Endangered Species Preservation Program . . . . .	● 50	3		00
4	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	● 51	4		00
5	California Breast Cancer Research Fund . . . . .	● 52	5		00
6	Veterans Memorial Account . . . . .	● 53	6		00
7	California Firefighters' Memorial Fund . . . . .	● 54	7		00
8	California Public School Library Protection Fund . . . . .	● 55	8		00
9	California Olympic Training Fund . . . . .	● 56	9		00
10	Total voluntary contributions. Add line 1 through line 9. Enter here and on Side 1, line 35 . . . . .	● 59	10		00

**Other Information** **Note:** Income of final year is taxable to beneficiaries

1	Date trust was created or, if an estate, date of decedent's death . . . . .	5	Did the estate or trust receive tax-exempt income? . . . . .
2	a If an estate, was decedent a California resident? . . . . .		If yes, attach computation of the allocation of expenses
	b Was decedent married at date of death? . . . . .	6	Is this return for a short taxable year? . . . . .
	c If yes, enter surviving spouse's social security number and name . . . . .	7	If a trust:
3	If an estate:		a Number of California resident trustees . . . . .
	a FMV of decedent's assets at date of death . . . . .		b Number of nonresident trustees . . . . .
	b FMV of assets located in California . . . . .		c Total number of trustees . . . . .
	c FMV of assets located outside California . . . . .		d Number of California resident beneficiaries . . . . .
4	If this is the final return, enter date of court order authorizing final distribution . . . . .		e Number of nonresident beneficiaries . . . . .
			Total number of beneficiaries . . . . .
		8	Enclose a copy of the <b>FIRST TWO PAGES</b> of your <b>1994 Form 1041, U.S. Fiduciary Income Tax Return.</b>

<b>Please Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of fiduciary or officer representing fiduciary		Date
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours, if self-employed) and address	Preparer's social security no. F.E.I.N.	

## 1994 Depreciation and Amortization

3885F

**Attach to Form 541.**

Name of estate or trust	Federal employer identification number
-------------------------	--

Amortization of costs that began before 1994:

Assets placed in service before 1/1/87 (depreciation)

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Dep'n or amortiz'n allowed or allowable in earlier years	(e) Method of figuring depreciation	(f) Life or rate	(g) Depreciation for this year	(h) Code section	(i) Period or percentage	(j) Amortization for this year
1									
Add column (g) and column (i) amounts of line 1. See instructions . . . . .									

**Depreciation**

- 2 California depreciation for assets placed in service on or after January 1, 1987. See instructions and enter the amount from line 3 of the worksheet in the instructions . . . . .

**Note: Be sure to make adjustments for any basis differences.**

- 3 Total California depreciation. Add line 1(g) and line 2 . . . . .

**Amortization**

- 4 Total California amortization. Add line 1(j) and the amount that relates to activities from federal Form 4562, Part VI, line 39, column (f) . . . . .

**Note: Be sure to make adjustments for any basis differences.**

- 5 Total depreciation and amortization. Add line 3 and line 4. Enter amount on the appropriate line of federal Schedule C or C-EZ, E and F (Form 1040) or line 15a of Form 541 . . . . .

## 1994 Capital Gain and Loss

D (541)

**Attach to Form 541.**

Name of estate or trust	Federal employer identification number
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**Part I Capital Gain and Loss**

(a) Description of property: (Example, 100 shares of "Z" Co.)	(b) How was property held (comm. prop., sep. prop., joint tenancy, etc.)?	(c) Date acquired (mo., day, yr)	(d) Date sold (mo., day, yr)	(e) Gross sales price	(f) Cost or other basis, as adjusted, plus expense of sale	(g) Gain (or loss) (col. (e) less col. (f))
1						

- 2 Capital gain from installment sales from form FTB 3805E, line 26 or line 37 . . . . .

- 3 Enter your share of net gain or (loss) from partnership, S corporations and other fiduciaries . . . . .

- 4 Capital gain distributions . . . . .

- 5 Net gain or (loss). Combine line 1, column (g), and line 2, line 3 and line 4 . . . . .

- 6 Enter gain, if applicable, from Schedule D-1 . . . . .

- 7 Capital loss carryover from prior years. **Note:** There is no capital loss carryover from a decedent to an estate . . . . .

- 8 Net gain or (loss). Combine line 5, line 6 and line 7 . . . . .

**Part II Summary of Part I**

	(a) Beneficiaries	(b) Fiduciary	(c) Total
9 Total net gain or (loss) from line 8, column (g), above. If line 9, column (c), is a net gain, enter the gain on Form 541, line 4. If line 9, column (c), is a net loss, complete Part III. See instructions . . . . .	9		

**Part III Computation of Capital Loss Limitation**

10 Enter here and enter as a loss on Form 541, line 4, the smaller of: (a) the net loss on line 9, column (c), or (b) \$3000 . . . . .	10	
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**Part IV Computation of Capital Loss Carryover from 1994 to 1995**

Use federal Schedule D (Form 1041), Capital Gains and Losses, Part V, Sections A and B, if the net loss on line 8 is more than \$3000, to determine the capital loss carryover. Include a copy of Schedule D (Form 1041) with the return.

# Instructions for Form FTB 3885F — Depreciation and Amortization

## General Instructions

### A Purpose of Form

Depreciation is a deduction the estate or trust can claim for reasonable exhaustion, wear and tear, and normal obsolescence of property used in business or held to produce income. Amortization is an amount the estate or trust can deduct for certain capital expenses over a fixed period.

In 1987, the California tax law rates for depreciation were changed to conform to the federal modified accelerated cost recovery system (MACRS). The California MACRS applies to assets placed in service on or after January 1, 1987.

Use form FTB 3885F to compute depreciation and amortization allowed as a deduction on Form 541. Attach form FTB 3885F to Form 541.

### B Calculation Methods

California did not allow depreciation under the federal ACRS for years prior to 1987.

The estate or trust must continue calculating the California depreciation deduction for assets placed in service before January 1, 1987, in the same manner as in prior years. Refer to the estate's or trust's tax return for 1986 and earlier to determine how the estate or trust must continue depreciating these

assets. The most common methods used to calculate depreciation for years prior to 1987 were:

- straight-line;
- declining balance; and
- sum-of-the-years-digits.

#### Line 1 — California depreciation for assets placed in service before 1/1/87 and California amortization for costs that began before 1994

Complete columns (a) through (j) for each asset or group of assets placed in service on or before December 31, 1986. Enter the column (g) totals on line 1(g). Enter the column (j) totals on line 1(j).

#### Line 2 — California depreciation for assets placed in service on or after January 1, 1987

Complete the following worksheet to compute the amount to enter on line 2:

1. Amount from federal Form 4562, line 14 through line 19. . . . .
2. Amount from federal Form 4562, line 16 through line 19, to the extent applicable to assets placed in service before January 1, 1987. . . . .
3. Subtract line 2 from line 1. Enter amount on form FTB 3885F, line 2. . . . .

#### Assets with a Federal Basis Different from California Basis

Some assets placed in service on or after January 1, 1987, will have a different basis for California pur-

poses due to the credits claimed for accelerated write-offs of the assets.

Differences you must report on form FTB 3885F include:

- expenditure for tertiary injectants;
- basis adjustments for sales and use tax credit for property used in an enterprise zone, program area or LARZ;
- expenditure for property used as an integral part of a qualified business within an enterprise zone, program area or LARZ;
- credit for employer-paid child care center and services;
- credit for employer-paid child care plan;
- basis adjustment for recycling equipment credit;
- basis adjustment for ridesharing credit — large employer program and small employer program;
- basis adjustment for commercial solar electric system credit;
- basis adjustment of property for moves into California; and
- basis adjustment for IRC Section 179 expense.

For more information about other adjustments, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

#### Line 5 — Total depreciation and amortization

Add line 3 and line 4. Enter the total on line 5. See page 4, line 3 instructions for information on depreciation and amortization reported on federal Schedules C, E, or F.

## Instructions Schedule D (541) — Capital Gain and Loss

### A Purpose of Form

File Schedule D (541) with Form 541 to report gains and losses from the sale or exchange of capital assets by an estate or trust. Generally, California law follows federal law.

To report sales or exchanges of property other than capital assets, including the sale or exchange of property used in a trade or business and involuntary conversions (other than casualties and thefts), get Schedule D-1, Sales of Business Property.

If property is involuntarily converted because of casualty or theft, get federal Form 4684, Casualties and Thefts. Complete this form using California amounts.

### B Miscellaneous Information

See the instructions for federal Schedule D (Form 1041), Capital Gains and Losses, for the definition of capital assets.

In computing gross income, no distinction is made between gains and losses allocable to income account and those allocable to corpus account.

Do not include the IRC Section 644 gains on Schedule D (541). If a trust sells or exchanges property within two years after receiving it from a transferor, a special tax may be due. Instead, see instructions for Form 541, line 20b. California law follows federal law in the areas of:

- capital gain distributions (distributed amounts only);
- election for distribution under IRC Section 643(e)(3);
- losses in transactions between certain related persons; and
- tax on trusts (IRC Section 644).

### C Basis

California law generally follows federal law. However, in determining the basis of property acquired after December 31, 1920, by:

- gift, use the:
  1. cost as adjusted or other basis to the donor in the event of gain; or

2. lower of either the donor's basis or the fair market value on the date of gift, in the event of loss; and

- bequest, devise or inheritance, use the fair market value at the time of acquisition (date of death), unless an alternate valuation date election is made under IRC Section 2032.

In determining the basis of property acquired before March 1, 1913, use:

- the cost as adjusted or the fair market value as of March 1, 1913, whichever is greater, in determining the gain; and
- the cost as adjusted in determining the loss.

For special cases involving property acquired from a decedent before 1987, see former R&TC Sections 18031 through 18033.

The basis of the decedent's one-half of community property is fair market value at date of death. The basis of the surviving spouse's one-half of community property is original cost or adjusted basis except:

- if death occurred after April 7, 1953, and prior to January 1, 1976, and one-half of the whole of the community property was included in the determination of the State Inheritance Tax, the basis is fair market value at date of death; or
- if death occurred after December 31, 1975, and prior to June 8, 1982, and the surviving spouse does not receive any portion of the decedent's one-half of the community property, the basis is fair market value at date of death; or
- if death occurred after December 31, 1986, the entire basis of the community property inherited by the surviving spouse becomes the fair market value.

For further information get FTB Pub. 1039, Basis of Property, Decedent and Surviving Spouse.

## Specific Line Instructions

### Part I

**Line 2** — If the estate or trust sold property at a gain this tax year and is to receive any payment in a later

tax year, use the installment method and file form FTB 3805E, Installment Sale Income, unless an election is made not to. Also use form FTB 3805E if a payment was received in 1994 from a sale made in an earlier year on the installment basis.

If the estate or trust elects not to use the installment method and is reporting a note or other obligation at less than face amount, state that fact in the margin and give the percentage of valuation. Get federal Publications 537 and 559 for additional information.

**Line 7** — Enter the amount of unused capital loss carryover from prior years.

**Note:** There is no capital loss carryover from a decedent to an estate.

### Part II

**Line 9** — Use line 9 to summarize the gain or loss computed in Part I.

#### Column (a) — Beneficiaries

Enter the amounts of capital gain or loss allocable to the beneficiaries. Do not allocate capital losses to beneficiaries unless the capital losses are required to offset capital gains. Refer to IRC Section 643(a). Any capital loss carryover for the final year is allowed to the beneficiaries, to the extent of their distributive shares.

#### Column (b) — Fiduciary

Enter the amounts of the gain or loss allocable to the fiduciary.

**Note:** Any capital gain paid or permanently set aside for charitable purposes (IRC Section 642(a)) should be entered in column (b).

**Column (c)** — The amount entered on line 9, column (c), should be the total of the amounts shown on line 9, columns (a) and (b).

### Part III

**Line 10** — If line 9, column (c), shows a loss, the loss is limited at line 10 to the smaller of the amount of the loss or \$3,000.

### Part IV

Use federal Schedule D (Form 1041), Capital Gains and Losses, Part V, Sections A and B, using California amounts to determine the capital loss carryover.

## 1994 Depreciation and Amortization

3885F

**Attach to Form 541.**

Name of estate or trust	Federal employer identification number
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Amortization of costs that began before 1994:

Assets placed in service before 1/1/87 (depreciation)

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Dep'n or amortiz'n allowed or allowable in earlier years	(e) Method of figuring depreciation	(f) Life or rate	(g) Depreciation for this year	(h) Code section	(i) Period or percentage	(j) Amortization for this year
1									
Add column (g) and column (i) amounts of line 1. See instructions . . . . .									

**Depreciation**

- 2 California depreciation for assets placed in service on or after January 1, 1987. See instructions and enter the amount from line 3 of the worksheet in the instructions . . . . .

**Note: Be sure to make adjustments for any basis differences.**

- 3 Total California depreciation. Add line 1(g) and line 2 . . . . .

**Amortization**

- 4 Total California amortization. Add line 1(j) and the amount that relates to activities from federal Form 4562, Part VI, line 39, column (f) . . . . .

**Note: Be sure to make adjustments for any basis differences.**

- 5 Total depreciation and amortization. Add line 3 and line 4. Enter amount on the appropriate line of federal Schedule C or C-EZ, E and F (Form 1040) or line 15a of Form 541 . . . . .

## 1994 Capital Gain and Loss

D (541)

**Attach to Form 541.**

Name of estate or trust	Federal employer identification number
-------------------------	--

**Part I Capital Gain and Loss**

(a) Description of property: (Example, 100 shares of "Z" Co.)	(b) How was property held (comm. prop., sep. prop., joint tenancy, etc.)?	(c) Date acquired (mo., day, yr)	(d) Date sold (mo., day, yr)	(e) Gross sales price	(f) Cost or other basis, as adjusted, plus expense of sale	(g) Gain (or loss) (col. (e) less col. (f))
1						

- 2 Capital gain from installment sales from form FTB 3805E, line 26 or line 37 . . . . .

- 3 Enter your share of net gain or (loss) from partnership, S corporations and other fiduciaries . . . . .

- 4 Capital gain distributions . . . . .

- 5 Net gain or (loss). Combine line 1, column (g), and line 2, line 3 and line 4 . . . . .

- 6 Enter gain, if applicable, from Schedule D-1 . . . . .

- 7 Capital loss carryover from prior years. **Note:** There is no capital loss carryover from a decedent to an estate . . . . .

- 8 Net gain or (loss). Combine line 5, line 6 and line 7 . . . . .

**Part II Summary of Part I**

	(a) Beneficiaries	(b) Fiduciary	(c) Total
9 Total net gain or (loss) from line 8, column (g), above. If line 9, column (c), is a net gain, enter the gain on Form 541, line 4. If line 9, column (c), is a net loss, complete Part III. See instructions . . . . .	9		

**Part III Computation of Capital Loss Limitation**

10 Enter here and enter as a loss on Form 541, line 4, the smaller of: (a) the net loss on line 9, column (c), or (b) \$3000 . . . . .	10
--	----

**Part IV Computation of Capital Loss Carryover from 1994 to 1995**

Use federal Schedule D (Form 1041), Capital Gains and Losses, Part V, Sections A and B, if the net loss on line 8 is more than \$3000, to determine the capital loss carryover. Include a copy of Schedule D (Form 1041) with the return.

# Instructions for Form FTB 3885F — Depreciation and Amortization

## General Instructions

### A Purpose of Form

Depreciation is a deduction the estate or trust can claim for reasonable exhaustion, wear and tear, and normal obsolescence of property used in business or held to produce income. Amortization is an amount the estate or trust can deduct for certain capital expenses over a fixed period.

In 1987, the California tax law rates for depreciation were changed to conform to the federal modified accelerated cost recovery system (MACRS). The California MACRS applies to assets placed in service on or after January 1, 1987.

Use form FTB 3885F to compute depreciation and amortization allowed as a deduction on Form 541. Attach form FTB 3885F to Form 541.

### B Calculation Methods

California did not allow depreciation under the federal ACRS for years prior to 1987.

The estate or trust must continue calculating the California depreciation deduction for assets placed in service before January 1, 1987, in the same manner as in prior years. Refer to the estate's or trust's tax return for 1986 and earlier to determine how the estate or trust must continue depreciating these

assets. The most common methods used to calculate depreciation for years prior to 1987 were:

- straight-line;
- declining balance; and
- sum-of-the-years-digits.

#### Line 1 — California depreciation for assets placed in service before 1/1/87 and California amortization for costs that began before 1994

Complete columns (a) through (j) for each asset or group of assets placed in service on or before December 31, 1986. Enter the column (g) totals on line 1(g). Enter the column (j) totals on line 1(j).

#### Line 2 — California depreciation for assets placed in service on or after January 1, 1987

Complete the following worksheet to compute the amount to enter on line 2:

1. Amount from federal Form 4562, line 14 through line 19. . . . .
2. Amount from federal Form 4562, line 16 through line 19, to the extent applicable to assets placed in service before January 1, 1987. . . . .
3. Subtract line 2 from line 1. Enter amount on form FTB 3885F, line 2. . . . .

#### Assets with a Federal Basis Different from California Basis

Some assets placed in service on or after January 1, 1987, will have a different basis for California purposes

due to the credits claimed for accelerated write-offs of the assets.

Differences you must report on form FTB 3885F include:

- expenditure for tertiary injectants;
- basis adjustments for sales and use tax credit for property used in an enterprise zone, program area or LARZ;
- expenditure for property used as an integral part of a qualified business within an enterprise zone, program area or LARZ;
- credit for employer-paid child care center and services;
- credit for employer-paid child care plan;
- basis adjustment for recycling equipment credit;
- basis adjustment for ridesharing credit — large employer program and small employer program;
- basis adjustment for commercial solar electric system credit;
- basis adjustment of property for moves into California; and
- basis adjustment for IRC Section 179 expense.

For more information about other adjustments, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

#### Line 5 — Total depreciation and amortization

Add line 3 and line 4. Enter the total on line 5. See page 4, line 3 instructions for information on depreciation and amortization reported on federal Schedules C, E, or F.

## Instructions Schedule D (541) — Capital Gain and Loss

### A Purpose of Form

File Schedule D (541) with Form 541 to report gains and losses from the sale or exchange of capital assets by an estate or trust. Generally, California law follows federal law.

To report sales or exchanges of property other than capital assets, including the sale or exchange of property used in a trade or business and involuntary conversions (other than casualties and thefts), get Schedule D-1, Sales of Business Property.

If property is involuntarily converted because of casualty or theft, get federal Form 4684, Casualties and Thefts. Complete this form using California amounts.

### B Miscellaneous Information

See the instructions for federal Schedule D (Form 1041), Capital Gains and Losses, for the definition of capital assets.

In computing gross income, no distinction is made between gains and losses allocable to income account and those allocable to corpus account.

Do not include the IRC Section 644 gains on Schedule D (541). If a trust sells or exchanges property within two years after receiving it from a transferor, a special tax may be due. Instead, see instructions for Form 541, line 20b. California law follows federal law in the areas of:

- capital gain distributions (distributed amounts only);
- election for distribution under IRC Section 643(e)(3);
- losses in transactions between certain related persons; and
- tax on trusts (IRC Section 644).

### C Basis

California law generally follows federal law. However, in determining the basis of property acquired after December 31, 1920, by:

- gift, use the:
  1. cost as adjusted or other basis to the donor in the event of gain; or

2. lower of either the donor's basis or the fair market value on the date of gift, in the event of loss; and

- bequest, devise or inheritance, use the fair market value at the time of acquisition (date of death), unless an alternate valuation date election is made under IRC Section 2032.

In determining the basis of property acquired before March 1, 1913, use:

- the cost as adjusted or the fair market value as of March 1, 1913, whichever is greater, in determining the gain; and
- the cost as adjusted in determining the loss.

For special cases involving property acquired from a decedent before 1987, see former R&TC Sections 18031 through 18033.

The basis of the decedent's one-half of community property is fair market value at date of death. The basis of the surviving spouse's one-half of community property is original cost or adjusted basis except:

- if death occurred after April 7, 1953, and prior to January 1, 1976, and one-half of the whole of the community property was included in the determination of the State Inheritance Tax, the basis is fair market value at date of death; or
- if death occurred after December 31, 1975, and prior to June 8, 1982, and the surviving spouse does not receive any portion of the decedent's one-half of the community property, the basis is fair market value at date of death; or
- if death occurred after December 31, 1986, the entire basis of the community property inherited by the surviving spouse becomes the fair market value.

For further information get FTB Pub. 1039, Basis of Property, Decedent and Surviving Spouse.

## Specific Line Instructions

### Part I

**Line 2** — If the estate or trust sold property at a gain this tax year and is to receive any payment in a later

tax year, use the installment method and file form FTB 3805E, Installment Sale Income, unless an election is made not to. Also use form FTB 3805E if a payment was received in 1994 from a sale made in an earlier year on the installment basis.

If the estate or trust elects not to use the installment method and is reporting a note or other obligation at less than face amount, state that fact in the margin and give the percentage of valuation. Get federal Publications 537 and 559 for additional information.

**Line 7** — Enter the amount of unused capital loss carryover from prior years.

**Note:** There is no capital loss carryover from a decedent to an estate.

### Part II

**Line 9** — Use line 9 to summarize the gain or loss computed in Part I.

#### Column (a) — Beneficiaries

Enter the amounts of capital gain or loss allocable to the beneficiaries. Do not allocate capital losses to beneficiaries unless the capital losses are required to offset capital gains. Refer to IRC Section 643(a). Any capital loss carryover for the final year is allowed to the beneficiaries, to the extent of their distributive shares.

#### Column (b) — Fiduciary

Enter the amounts of the gain or loss allocable to the fiduciary.

**Note:** Any capital gain paid or permanently set aside for charitable purposes (IRC Section 642(a)) should be entered in column (b).

**Column (c)** — The amount entered on line 9, column (c), should be the total of the amounts shown on line 9, columns (a) and (b).

### Part III

**Line 10** — If line 9, column (c), shows a loss, the loss is limited at line 10 to the smaller of the amount of the loss or \$3,000.

### Part IV

Use federal Schedule D (Form 1041), Capital Gains and Losses, Part V, Sections A and B, using California amounts to determine the capital loss carryover.



## 1994 Trust Allocation of an Accumulation Distribution

J (541)

**Attach to Form 541.**

References are to the Internal Revenue Code (IRC), as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC). California law generally follows federal law. See federal instructions for Schedule J (Form 1041) and IRC Section 665.

Name of trust

Federal employer identification number

**Part I Accumulation Distribution in 1994**

For definitions and special rules, see the federal Treasury Regulations under IRC Sections 665 – 668.

See the instructions for federal Form 4970 for certain income minors may exclude and for special rules for multiple trusts.

1	Enter amount from Schedule B (541), line 11, for 1994 . . . . .	1	
2	Enter amount from Schedule B (541), line 8, for 1994 . . . . .	2	
3	Enter amount from Schedule B (541), line 10, for 1994 . . . . .	3	
4	Distributable net income for 1994. Subtract line 3 from line 2. If line 3 is more than line 2, enter -0- . . . . .	4	
5	Accumulation distribution for 1994. Subtract line 4 from line 1 . . . . .	5	

**Part II Ordinary Income Accumulation Distribution** (Enter the applicable throwback years below.)

If the distribution is thrown back to more than four years (starting with the earliest applicable taxable year beginning after December 31, 1968), attach additional schedules. (If the trust was a simple trust, see federal Treasury Regulation Section 1.665(e) – 1A(b).)

		Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____
6	Distributable net income. See instructions . . . . .	6			
7	Distributions. See instructions. . . . .	7			
8	Undistributed net income. Subtract line 7 from line 6 . . . . .	8			
9	Enter amount from Part III, line 25 . . . . .	9			
10	Subtract line 9 from line 8 . . . . .	10			
11	Enter amount of prior accumulation distributions thrown back to any of these years . . . . .	11			
12	Subtract line 11 from line 10 . . . . .	12			
13	Allocate the amount on line 5 to the earliest applicable year first. Do not allocate an amount greater than the amount on line 12 for the same year . . . . .	13			
14	Divide line 13 by line 10 and multiply the result by line 9 . . . . .	14			
15	Add line 13 and line 14 . . . . .	15			
16	Tax-exempt interest included on line 13. See instructions . . . . .	16			
17	Subtract line 16 from line 15 . . . . .	17			

**Part III Taxes Imposed on Undistributed Net Income** (Enter the applicable throwback years below.)

If more than four throwback years are involved, attach additional schedules. See General Instructions. If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665-668.

		Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____
18	Tax. See instructions . . . . .	18			
19	Total net capital gain. Enter amount from Form 541, Side 1, line 6, for 1969-1979; Form 541, Side 1, line 7, for 1980-1986; Form 541, Side 1, line 6 for 1987-1990; Form 541, Side 1, line 4, for 1991-1993 . . . . .	19			
20	Net capital gain distributed to beneficiaries. See instructions . . . . .	20			
21	Net capital gain undistributed. Subtract line 20 from line 19 . . . . .	21			
22	Total taxable income. See instructions . . . . .	22			
23	Enter percent (divide line 21 by line 22) but not more than 100% . . . . .	23			
24	Multiply amount on line 18 by percent on line 23 . . . . .	24			
25	Tax on undistributed net income. Subtract line 24 from line 18. Enter here and on Part II, line 9 . . . . .	25			

**Part IV Allocation to Beneficiary** See Part IV Instructions below. Complete Part IV for each beneficiary.

If the accumulation distribution is allocated to more than one beneficiary, attach an additional Schedule J with Part IV completed for each additional beneficiary. If more than four throwback years are involved, attach additional schedules.

Beneficiary's name		Identifying number		
Beneficiary's address (number and street including apartment number or rural route)		(a) Enter amount from Part II, line 13 allocated to this beneficiary	(b) Enter amount from Part II, line 14 allocated to this beneficiary	(a) Enter amount from Part II, line 16 allocated to this beneficiary
City, town or post office, state and ZIP code				
26	Throwback year ending 19 _____	26		
27	Throwback year ending 19 _____	27		
28	Throwback year ending 19 _____	28		
29	Throwback year ending 19 _____	29		
30	Total. Add amounts on lines 26 through 29 . . . . .	30		

**General Instructions**

**Purpose of Form**

File Schedule J (541) with Form 541 to report an accumulation distribution by a domestic complex trust. Generally, California law follows federal law.

**Part I**

**Accumulation Distribution in 1994**

Generally, amounts accumulated before a beneficiary becomes age 21 may be excluded by the beneficiary. See IRC Sections 665 and 667(c) for exceptions relating to multiple trusts. The trustee reports the total amount of the accumulation distribution before any reduction for income accumulated before the beneficiary becomes age 21. The beneficiary claims the exclusion when filing form FTB 5870A, Tax on Accumulation Distribution of Trusts, if the multiple trust rules do not apply. This is because one trustee may be unaware that the beneficiary may be a beneficiary of other trusts with other trustees.

**Part II**

**Note:** You must complete Part III before completing this part.

**Ordinary Income Accumulation Distribution**

**Line 6** – Distributable net income for earlier years. Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule H (Form 541), line 5  
1979 . . . . . Part D (Form 541), line 5  
1980 . . . . . Form 541, line 55  
1981-1984 . . . . . Form 541, line 57  
1985-1986 . . . . . Schedule 3, (Form 541), line 11  
1987 . . . . . Schedule 3 (Form 541), line 9  
1988-1993 . . . . . Schedule B (Form 541), line 8

**Line 7** – Distributions made during earlier years. Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule I (Form 541), line 3  
1979 . . . . . Part D (Form 541), line 8  
1980 . . . . . Form 541, line 58  
1981-1984 . . . . . Form 541, line 60  
1985-1986 . . . . . Schedule 3, (Form 541), line 14  
1987 . . . . . Schedule 3, (Form 541), line 13  
1988-1993 . . . . . Schedule B, (Form 541), line 12

**Line 16** – Tax-exempt interest included on line 13. For each throwback year, divide line 15 by line 6 and multiply the result by one of the following:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule H (Form 541), line 2(a)  
1979 . . . . . Part D (Form 541), line 2(a)  
1980 . . . . . Form 541, line 52(a)  
1981-1984 . . . . . Form 541, line 54(a)  
1985-1986 . . . . . Schedule 3, (Form 541), line 3  
1987 . . . . . Schedule 3, (Form 541), line 2  
1988-1993 . . . . . Schedule B, (Form 541), line 2

**Part III**

**Taxes Imposed on Undistributed Net Income**

For the regular tax computation, if there is a capital gain, complete lines 18 through 25 for each throwback year. If there is no capital gain for any year (or there is a capital loss for every year), enter on line 9 the amount of the tax for each year entered for line 18; do not complete Part III. If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665 through 668.

**Line 18** – Tax

Enter the applicable tax amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, line 20  
1970-1971 . . . . . Form 541, line 21  
1972-1979 . . . . . Form 541, line 19  
1980-1981 . . . . . Form 541, line 23  
1982-1984 . . . . . Form 541, line 23(c)  
1985-1986 . . . . . Form 541, line 24(c)  
1987-1989 . . . . . Form 541, line 22(c)  
1990-1993 . . . . . Form 541, line 20(a)

**Line 20** – Enter the applicable net capital gain distributed as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, Side 1, line 17 plus amounts from Schedule F-1 (541), lines 1 and 2  
1970-1971 . . . . . Form 541, Side 1, line 18 plus amounts from Sch. F-1 (541), lines 1 and 2  
1972-1979 . . . . . Schedule F-1 (541), lines 1(a)-1(c)  
1980 . . . . . Schedule K-1 (541), lines 2-4  
1981 . . . . . Schedule K-1 (541), lines 1-3  
1982 . . . . . Schedule D (541), line 25  
1983 . . . . . Schedule D (541), line 30  
1984 . . . . . Schedule D (541), line 33

1985-1986 . . . . . Schedule D (541), line 28  
1987 . . . . . Schedule D (541), line 24  
1988-1993 . . . . . Schedule D (541), line 9(a)

**Line 22** – Total taxable income

Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, line 19  
1970-1971 . . . . . Form 541, line 20  
1972-1979 . . . . . Form 541, line 18  
1980-1984 . . . . . Form 541, line 22  
1985-1986 . . . . . Form 541, line 23  
1987-1989 . . . . . Form 541, line 21  
1990-1993 . . . . . Form 541, line 19

**Part IV**

**Allocation to Beneficiary**

Complete Part IV for each beneficiary. If the accumulation distribution is allocated to more than one beneficiary, attach an additional copy of Schedule J with Part IV completed for each additional beneficiary. If more than four throwback years are involved, attach additional schedules.

**Nonresidents.** In the case of a nonresident beneficiary, enter on line 26 through line 29, column (a), only that ratio of income from California sources as the amount on Part II, line 13 bears to the amount on Part II, line 10. Enter on line 26 through line 29, column (b), only that ratio of the amount on Part II, line 14 as the amount in column (a) bears to the amount on Part II, line 13.

Attach separate schedules supporting allocation of income to sources within and outside California.

Under R&TC Section 17953, income from trusts deemed distributed to nonresident beneficiaries is income from sources within California only if derived out of trust income derived from sources within California. Generally, for purposes of R&TC Section 17953, the nonresident beneficiary shall be deemed to be the owner of intangible personal property from which the income of the trust is derived.

If the beneficiary is a nonresident individual or a foreign corporation, see IRC Section 667(e) about retaining the character of the amounts distributed to determine the amount of withholding tax.

The beneficiary may use Form 5870A to compute the tax on the distribution.

## 1994 Trust Allocation of an Accumulation Distribution

J (541)

**Attach to Form 541.**

References are to the Internal Revenue Code (IRC), as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC). California law generally follows federal law. See federal instructions for Schedule J (Form 1041) and IRC Section 665.

Name of trust

Federal employer identification number

**Part I Accumulation Distribution in 1994**

For definitions and special rules, see the federal Treasury Regulations under IRC Sections 665 – 668.

See the instructions for federal Form 4970 for certain income minors may exclude and for special rules for multiple trusts.

1	Enter amount from Schedule B (541), line 11, for 1994 . . . . .	1	
2	Enter amount from Schedule B (541), line 8, for 1994 . . . . .	2	
3	Enter amount from Schedule B (541), line 10, for 1994 . . . . .	3	
4	Distributable net income for 1994. Subtract line 3 from line 2. If line 3 is more than line 2, enter -0- . . . . .	4	
5	Accumulation distribution for 1994. Subtract line 4 from line 1 . . . . .	5	

**Part II Ordinary Income Accumulation Distribution** (Enter the applicable throwback years below.)

If the distribution is thrown back to more than four years (starting with the earliest applicable taxable year beginning after December 31, 1968), attach additional schedules. (If the trust was a simple trust, see federal Treasury Regulation Section 1.665(e) – 1A(b).)

		Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____
6	Distributable net income. See instructions . . . . .	6			
7	Distributions. See instructions. . . . .	7			
8	Undistributed net income. Subtract line 7 from line 6 . . . . .	8			
9	Enter amount from Part III, line 25 . . . . .	9			
10	Subtract line 9 from line 8 . . . . .	10			
11	Enter amount of prior accumulation distributions thrown back to any of these years . . . . .	11			
12	Subtract line 11 from line 10 . . . . .	12			
13	Allocate the amount on line 5 to the earliest applicable year first. Do not allocate an amount greater than the amount on line 12 for the same year . . . . .	13			
14	Divide line 13 by line 10 and multiply the result by line 9 . . . . .	14			
15	Add line 13 and line 14 . . . . .	15			
16	Tax-exempt interest included on line 13. See instructions . . . . .	16			
17	Subtract line 16 from line 15 . . . . .	17			

**Part III Taxes Imposed on Undistributed Net Income** (Enter the applicable throwback years below.)

If more than four throwback years are involved, attach additional schedules. See General Instructions. If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665-668.

		Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____	Throwback year ending 19____
18	Tax. See instructions . . . . .	18			
19	Total net capital gain. Enter amount from Form 541, Side 1, line 6, for 1969-1979; Form 541, Side 1, line 7, for 1980-1986; Form 541, Side 1, line 6 for 1987-1990; Form 541, Side 1, line 4, for 1991-1993 . . . . .	19			
20	Net capital gain distributed to beneficiaries. See instructions . . . . .	20			
21	Net capital gain undistributed. Subtract line 20 from line 19 . . . . .	21			
22	Total taxable income. See instructions . . . . .	22			
23	Enter percent (divide line 21 by line 22) but not more than 100% . . . . .	23			
24	Multiply amount on line 18 by percent on line 23 . . . . .	24			
25	Tax on undistributed net income. Subtract line 24 from line 18. Enter here and on Part II, line 9 . . . . .	25			

**Part IV Allocation to Beneficiary** See Part IV Instructions below. Complete Part IV for each beneficiary.

If the accumulation distribution is allocated to more than one beneficiary, attach an additional Schedule J with Part IV completed for each additional beneficiary. If more than four throwback years are involved, attach additional schedules.

Beneficiary's name		Identifying number		
Beneficiary's address (number and street including apartment number or rural route)		(a) Enter amount from Part II, line 13 allocated to this beneficiary	(b) Enter amount from Part II, line 14 allocated to this beneficiary	(a) Enter amount from Part II, line 16 allocated to this beneficiary
City, town or post office, state and ZIP code				
26	Throwback year ending 19 _____	26		
27	Throwback year ending 19 _____	27		
28	Throwback year ending 19 _____	28		
29	Throwback year ending 19 _____	29		
30	Total. Add amounts on lines 26 through 29 . . . . .	30		

**General Instructions**

**Purpose of Form**

File Schedule J (541) with Form 541 to report an accumulation distribution by a domestic complex trust. Generally, California law follows federal law.

**Part I**

**Accumulation Distribution in 1994**

Generally, amounts accumulated before a beneficiary becomes age 21 may be excluded by the beneficiary. See IRC Sections 665 and 667(c) for exceptions relating to multiple trusts. The trustee reports the total amount of the accumulation distribution before any reduction for income accumulated before the beneficiary becomes age 21. The beneficiary claims the exclusion when filing form FTB 5870A, Tax on Accumulation Distribution of Trusts, if the multiple trust rules do not apply. This is because one trustee may be unaware that the beneficiary may be a beneficiary of other trusts with other trustees.

**Part II**

**Note:** You must complete Part III before completing this part.

**Ordinary Income Accumulation Distribution**

**Line 6** – Distributable net income for earlier years. Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule H (Form 541), line 5  
1979 . . . . . Part D (Form 541), line 5  
1980 . . . . . Form 541, line 55  
1981-1984 . . . . . Form 541, line 57  
1985-1986 . . . . . Schedule 3, (Form 541), line 11  
1987 . . . . . Schedule 3 (Form 541), line 9  
1988-1993 . . . . . Schedule B (Form 541), line 8

**Line 7** – Distributions made during earlier years. Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule I (Form 541), line 3  
1979 . . . . . Part D (Form 541), line 8  
1980 . . . . . Form 541, line 58  
1981-1984 . . . . . Form 541, line 60  
1985-1986 . . . . . Schedule 3, (Form 541), line 14  
1987 . . . . . Schedule 3, (Form 541), line 13  
1988-1993 . . . . . Schedule B, (Form 541), line 12

**Line 16** – Tax-exempt interest included on line 13. For each throwback year, divide line 15 by line 6 and multiply the result by one of the following:

**Throwback Year(s): . . . . Amount From:**

1969-1978 . . . . . Schedule H (Form 541), line 2(a)  
1979 . . . . . Part D (Form 541), line 2(a)  
1980 . . . . . Form 541, line 52(a)  
1981-1984 . . . . . Form 541, line 54(a)  
1985-1986 . . . . . Schedule 3, (Form 541), line 3  
1987 . . . . . Schedule 3, (Form 541), line 2  
1988-1993 . . . . . Schedule B, (Form 541), line 2

**Part III**

**Taxes Imposed on Undistributed Net Income**

For the regular tax computation, if there is a capital gain, complete lines 18 through 25 for each throwback year. If there is no capital gain for any year (or there is a capital loss for every year), enter on line 9 the amount of the tax for each year entered for line 18; do not complete Part III. If the trust received an accumulation distribution from another trust, see the federal Treasury Regulations under IRC Sections 665 through 668.

**Line 18 – Tax**

Enter the applicable tax amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, line 20  
1970-1971 . . . . . Form 541, line 21  
1972-1979 . . . . . Form 541, line 19  
1980-1981 . . . . . Form 541, line 23  
1982-1984 . . . . . Form 541, line 23(c)  
1985-1986 . . . . . Form 541, line 24(c)  
1987-1989 . . . . . Form 541, line 22(c)  
1990-1993 . . . . . Form 541, line 20(a)

**Line 20** – Enter the applicable net capital gain distributed as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, Side 1, line 17 plus amounts from Schedule F-1 (541), lines 1 and 2  
1970-1971 . . . . . Form 541, Side 1, line 18 plus amounts from Sch. F-1 (541), lines 1 and 2  
1972-1979 . . . . . Schedule F-1 (541), lines 1(a)-1(c)  
1980 . . . . . Schedule K-1 (541), lines 2-4  
1981 . . . . . Schedule K-1 (541), lines 1-3  
1982 . . . . . Schedule D (541), line 25  
1983 . . . . . Schedule D (541), line 30  
1984 . . . . . Schedule D (541), line 33

1985-1986 . . . . . Schedule D (541), line 28  
1987 . . . . . Schedule D (541), line 24  
1988-1993 . . . . . Schedule D (541), line 9(a)

**Line 22 – Total taxable income**

Enter the applicable amounts as follows:

**Throwback Year(s): . . . . Amount From:**

1969 . . . . . Form 541, line 19  
1970-1971 . . . . . Form 541, line 20  
1972-1979 . . . . . Form 541, line 18  
1980-1984 . . . . . Form 541, line 22  
1985-1986 . . . . . Form 541, line 23  
1987-1989 . . . . . Form 541, line 21  
1990-1993 . . . . . Form 541, line 19

**Part IV**

**Allocation to Beneficiary**

Complete Part IV for each beneficiary. If the accumulation distribution is allocated to more than one beneficiary, attach an additional copy of Schedule J with Part IV completed for each additional beneficiary. If more than four throwback years are involved, attach additional schedules.

**Nonresidents.** In the case of a nonresident beneficiary, enter on line 26 through line 29, column (a), only that ratio of income from California sources as the amount on Part II, line 13 bears to the amount on Part II, line 10. Enter on line 26 through line 29, column (b), only that ratio of the amount on Part II, line 14 as the amount in column (a) bears to the amount on Part II, line 13.

Attach separate schedules supporting allocation of income to sources within and outside California.

Under R&TC Section 17953, income from trusts deemed distributed to nonresident beneficiaries is income from sources within California only if derived out of trust income derived from sources within California. Generally, for purposes of R&TC Section 17953, the nonresident beneficiary shall be deemed to be the owner of intangible personal property from which the income of the trust is derived.

If the beneficiary is a nonresident individual or a foreign corporation, see IRC Section 667(e) about retaining the character of the amounts distributed to determine the amount of withholding tax.

The beneficiary may use Form 5870A to compute the tax on the distribution.

1994

Beneficiary's Share of Income, Deductions,  
Credits, etc.

K-1 (541)

For calendar year 1994 or fiscal year beginning \_\_\_\_\_, 1994, and ending \_\_\_\_\_, 19\_\_\_\_.

Complete a separate Schedule K-1 (541) for each beneficiary.

Name of estate or trust:

Beneficiary's social security number, California corporation number or F.E.I.N.

Estate's or trust's federal employer identification number

Beneficiary's name, address and ZIP code

Fiduciary's name, address and ZIP code

**Caution:** Refer to the instructions for Schedule K-1 (541) before entering information from this schedule on your return.

(a) Allocable share item	(b) Amount from federal Schedule K-1 (1041)	(c) California adjustment	(d) California amount. Combine columns (b) and (c)
1 Interest . . . . .			
2 Dividends . . . . .			
3 Net capital gain or (loss) . . . . .			
4 Business income and other non-passive income before directly allocable deductions (itemize):			
a Depreciation . . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
5 Rental, rental real estate and other passive income (itemize):			
a Depreciation . . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
6 Income for alternative minimum tax purposes . . . . .			
7 Income for regular tax purposes. Add line 1 through line 5 . . . . .			
8 Adjustment for alternative minimum tax purposes. Subtract line 7 from line 6 . . . . .			
9 Tax preference items:			
a Accelerated depreciation. . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
d Exclusion items. . . . .			
10 Distributions in the final year of estate or trust:			
a Excess deductions on termination. Attach computation . . . . .			
b Capital loss carryover . . . . .			
c _____ . . . . .			
11 Other (itemize):			
a Trust payments of estimated tax paid by the trust credited to you . . . . .			
b Tax-exempt interest . . . . .			
c Taxes paid to other states. Attach Schedule S, Other State Tax Credit . . . . .			
d Other credits . . . . .			
e _____ . . . . .			

# 1994 Instructions for Schedule K-1 (541)

## Beneficiary's Share of Income, Deductions, Credits, etc.

### A Purpose of Form

File Schedule K-1 (541) with Form 541 to report the beneficiary's income from the estate or trust. California law generally follows federal law.

### B Who Must File

The fiduciary (or one of the joint fiduciaries) must file Schedule K-1 (541). A copy of each beneficiary's Schedule K-1 (541) must be attached to Form 541 filed with the FTB and each beneficiary must be given a copy of his or her respective Schedule K-1 (541). One copy of each Schedule K-1 (541) must be retained for the fiduciary's records.

As a payer of income, the estate or trust is required under R&TC Section 18624 (former Section 18934) to request and provide a proper identifying number for each recipient of income. Enter this number on all Schedules K-1 (541) when the estate or trust files its return. Individuals and business recipients are responsible for giving the estate or trust their social security number, California corporation number, Secretary of State file number or federal employer identification number upon request. The estate or trust may use federal Form W-9, Request for Taxpayer Identification Number and Certification, to request the beneficiary's identifying number.

### C Penalty

Under R&TC Section 19183 (former Section 18681.1(c)), the payer is charged a \$50 penalty for each failure to provide a required taxpayer identification number, unless reasonable cause is established for not providing it. If reasonable cause exists, please explain in a signed affidavit and attach it to Form 541.

### D Substitute Forms

The estate or trust does not need approval from the FTB to use a substitute Schedule K-1 (541) if it is an exact facsimile of the California Schedule K-1 (541), or if it contains only those lines the taxpayer is required to use, and the lines have the same numbers and titles and are in the same order as on the California Schedule K-1 (541). In either case, the estate's or trust's substitute schedule must include the Beneficiary's Instructions for Schedule K-1 (541) or other prepared specific instructions.

### E Taxable Year

**Beneficiary's taxable year.** The beneficiary's income from the estate or trust must be included in the beneficiary's return for the taxable year during which the taxable year of the estate or trust ends.

**Prior Year.** Do not include the beneficiary's income amounts deducted on Form 541 for an earlier year that were credited or required to be distributed in that earlier year.

### F Beneficiary's Income

If no special computations are required, use the following instructions to compute the beneficiary's income from the estate or trust.

California reporting requirements are the same as federal for:

- income;
- character of income;
- allocation of deductions;
- allocation of credits; and
- gifts and bequests.

In Schedule K-1 (541), column (b), enter the amounts from federal Schedule K-1 (Form 1041). In column (c), enter the difference between the California and federal totals. In column (d), enter the California total amount, which is the result of combining column (b) and column (c). Prepare and give a Schedule K-1 (541) to each beneficiary of the estate or trust.

### G Passive Activities

The limitations on passive activity losses and credits under IRC Section 469 apply to estates and trusts. Estates and trusts that distribute income to beneficiaries are allowed to allocate depreciation, depletion and amortization deductions to beneficiaries. These deductions are called "directly allocable deductions."

If items of income (loss), deduction or credit from more than one activity are reported on Schedule K-1 (541), the fiduciary must attach a statement to Schedule K-1 (541) for each passive activity.

### H Nonresident Beneficiaries

Nonresident beneficiaries are taxable only on income which is derived from sources within California. Where an estate or trust derives income from both within and outside California, it is necessary for the fiduciary to determine what portion of the beneficiary's share of income of the estate or trust is from within and outside California. It will be necessary to first compute the beneficiaries' share of income and deductions, disregarding the nonresident status of any particular beneficiary, on a separate schedule attached to Form 541. The amounts derived from or attributable to income from sources within California are to be properly allocated and reported on the separate schedule. The fiduciary must clearly show how the allocation was made. Enter the beneficiary's share of income and deductions from sources within California on Schedule K-1 (541).

Payments to nonresidents of income having a business or taxable situs in California are subject to withholding of taxes. For more information, get Form 592 and Form 592-B.

See 18 Cal Code Reg. Sections 17951-1(c), 17951-2 and 17953 regarding taxability of distributions to nonresident beneficiaries.

See instructions regarding withholding at source on page 4 of this booklet if California source income is being distributed to a nonresident beneficiary.

### Specific Line Instructions

#### Line 1 and Line 2

See the federal instructions for Schedule K-1 (1041).

**Line 3** – Enter the combined amount from federal Schedule K-1 (Form 1041), line 3a and line 3b, less amounts allocable to IRC Section 1231 property.

**Note:** Gains or losses from the complete or partial disposition of a rental, rental real estate or trade or business activity that is a passive activity must be shown as an attachment to Schedule K-1 (541).

**Line 4** – Enter the beneficiary's share of annuities, royalties or any other income that is **NOT** subject to any passive activity loss limitation rules at the beneficiary's level.

**Line 6** – Enter in column (d) the beneficiary's share of distributable net alternative minimum taxable income from Schedule P (541).

#### Line 9a through Line 9d

Enter the amounts from Schedule P (541). Get the federal instructions for Schedule K-1 (Form 1041) for more information.

#### Line 10a through Line 10c

If this is the final return, enter on line 10 the beneficiary's share of any:

- excess deductions on termination;
- capital loss carryover; or
- unused net operating loss carryover if this is the last year eligible.

#### Line 11a through Line 11e

Enter the beneficiary's share of each item for which there is no designated line on Schedule K-1 (541). Attach a separate sheet for each item reported on line 11 showing the computation. Items that must be reported on this line include the allocable share, if any, of items listed on line 11a through line 11d.

**Line 11b** – Enter tax-exempt interest received by the estate or trust (including exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company).

**Line 11c** – Enter taxes paid to other states, reported on Schedule S, Other State Tax Credit.

**Note:** Attach a copy of the return filed with the other state, evidence of payment and a copy of Schedule S to support the amount of tax paid.

**Line 11d** – Enter on an attached schedule each beneficiary's allocable share of any credit or credit information that is related to a trade or business activity.

**Line 11e** – Enter any other item that is not included above such as:

- gross farming and fishing income;
- investment income (IRC Section 163(d)); or
- unused net operating loss carryover available for future years. Get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts, to figure the NOL carryover.

1994

Beneficiary's Share of Income, Deductions,  
Credits, etc.

K-1 (541)

For calendar year 1994 or fiscal year beginning \_\_\_\_\_, 1994, and ending \_\_\_\_\_, 19\_\_\_\_.

Complete a separate Schedule K-1 (541) for each beneficiary.

Name of estate or trust:

Beneficiary's social security number, California corporation number or F.E.I.N.

Estate's or trust's federal employer identification number

Beneficiary's name, address and ZIP code

Fiduciary's name, address and ZIP code

**Caution:** Refer to the instructions for Schedule K-1 (541) before entering information from this schedule on your return.

(a) Allocable share item	(b) Amount from federal Schedule K-1 (1041)	(c) California adjustment	(d) California amount. Combine columns (b) and (c)
1 Interest . . . . .			
2 Dividends . . . . .			
3 Net capital gain or (loss) . . . . .			
4 Business income and other non-passive income before directly allocable deductions (itemize):			
a Depreciation . . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
5 Rental, rental real estate and other passive income (itemize):			
a Depreciation . . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
6 Income for alternative minimum tax purposes . . . . .			
7 Income for regular tax purposes. Add line 1 through line 5 . . . . .			
8 Adjustment for alternative minimum tax purposes. Subtract line 7 from line 6 . . . . .			
9 Tax preference items:			
a Accelerated depreciation. . . . .			
b Depletion . . . . .			
c Amortization. . . . .			
d Exclusion items. . . . .			
10 Distributions in the final year of estate or trust:			
a Excess deductions on termination. Attach computation . . . . .			
b Capital loss carryover . . . . .			
c _____ . . . . .			
11 Other (itemize):			
a Trust payments of estimated tax paid by the trust credited to you . . . . .			
b Tax-exempt interest . . . . .			
c Taxes paid to other states. Attach Schedule S, Other State Tax Credit . . . . .			
d Other credits . . . . .			
e _____ . . . . .			

# 1994 Instructions for Schedule K-1 (541)

## Beneficiary's Share of Income, Deductions, Credits, etc.

### A Purpose of Form

File Schedule K-1 (541) with Form 541 to report the beneficiary's income from the estate or trust. California law generally follows federal law.

### B Who Must File

The fiduciary (or one of the joint fiduciaries) must file Schedule K-1 (541). A copy of each beneficiary's Schedule K-1 (541) must be attached to Form 541 filed with the FTB and each beneficiary must be given a copy of his or her respective Schedule K-1 (541). One copy of each Schedule K-1 (541) must be retained for the fiduciary's records.

As a payer of income, the estate or trust is required under R&TC Section 18624 (former Section 18934) to request and provide a proper identifying number for each recipient of income. Enter this number on all Schedules K-1 (541) when the estate or trust files its return. Individuals and business recipients are responsible for giving the estate or trust their social security number, California corporation number, Secretary of State file number or federal employer identification number upon request. The estate or trust may use federal Form W-9, Request for Taxpayer Identification Number and Certification, to request the beneficiary's identifying number.

### C Penalty

Under R&TC Section 19183 (former Section 18681.1(c)), the payer is charged a \$50 penalty for each failure to provide a required taxpayer identification number, unless reasonable cause is established for not providing it. If reasonable cause exists, please explain in a signed affidavit and attach it to Form 541.

### D Substitute Forms

The estate or trust does not need approval from the FTB to use a substitute Schedule K-1 (541) if it is an exact facsimile of the California Schedule K-1 (541), or if it contains only those lines the taxpayer is required to use, and the lines have the same numbers and titles and are in the same order as on the California Schedule K-1 (541). In either case, the estate's or trust's substitute schedule must include the Beneficiary's Instructions for Schedule K-1 (541) or other prepared specific instructions.

### E Taxable Year

**Beneficiary's taxable year.** The beneficiary's income from the estate or trust must be included in the beneficiary's return for the taxable year during which the taxable year of the estate or trust ends.

**Prior Year.** Do not include the beneficiary's income amounts deducted on Form 541 for an earlier year that were credited or required to be distributed in that earlier year.

### F Beneficiary's Income

If no special computations are required, use the following instructions to compute the beneficiary's income from the estate or trust.

California reporting requirements are the same as federal for:

- income;
- character of income;
- allocation of deductions;
- allocation of credits; and
- gifts and bequests.

In Schedule K-1 (541), column (b), enter the amounts from federal Schedule K-1 (Form 1041). In column (c), enter the difference between the California and federal totals. In column (d), enter the California total amount, which is the result of combining column (b) and column (c). Prepare and give a Schedule K-1 (541) to each beneficiary of the estate or trust.

### G Passive Activities

The limitations on passive activity losses and credits under IRC Section 469 apply to estates and trusts. Estates and trusts that distribute income to beneficiaries are allowed to allocate depreciation, depletion and amortization deductions to beneficiaries. These deductions are called "directly allocable deductions."

If items of income (loss), deduction or credit from more than one activity are reported on Schedule K-1 (541), the fiduciary must attach a statement to Schedule K-1 (541) for each passive activity.

### H Nonresident Beneficiaries

Nonresident beneficiaries are taxable only on income which is derived from sources within California. Where an estate or trust derives income from both within and outside California, it is necessary for the fiduciary to determine what portion of the beneficiary's share of income of the estate or trust is from within and outside California. It will be necessary to first compute the beneficiaries' share of income and deductions, disregarding the nonresident status of any particular beneficiary, on a separate schedule attached to Form 541. The amounts derived from or attributable to income from sources within California are to be properly allocated and reported on the separate schedule. The fiduciary must clearly show how the allocation was made. Enter the beneficiary's share of income and deductions from sources within California on Schedule K-1 (541).

Payments to nonresidents of income having a business or taxable situs in California are subject to withholding of taxes. For more information, get Form 592 and Form 592-B.

See 18 Cal Code Reg. Sections 17951-1(c), 17951-2 and 17953 regarding taxability of distributions to nonresident beneficiaries.

See instructions regarding withholding at source on page 4 of this booklet if California source income is being distributed to a nonresident beneficiary.

### Specific Line Instructions

#### Line 1 and Line 2

See the federal instructions for Schedule K-1 (1041).

**Line 3** – Enter the combined amount from federal Schedule K-1 (Form 1041), line 3a and line 3b, less amounts allocable to IRC Section 1231 property.

**Note:** Gains or losses from the complete or partial disposition of a rental, rental real estate or trade or business activity that is a passive activity must be shown as an attachment to Schedule K-1 (541).

**Line 4** – Enter the beneficiary's share of annuities, royalties or any other income that is **NOT** subject to any passive activity loss limitation rules at the beneficiary's level.

**Line 6** – Enter in column (d) the beneficiary's share of distributable net alternative minimum taxable income from Schedule P (541).

#### Line 9a through Line 9d

Enter the amounts from Schedule P (541). Get the federal instructions for Schedule K-1 (Form 1041) for more information.

#### Line 10a through Line 10c

If this is the final return, enter on line 10 the beneficiary's share of any:

- excess deductions on termination;
- capital loss carryover; or
- unused net operating loss carryover if this is the last year eligible.

#### Line 11a through Line 11e

Enter the beneficiary's share of each item for which there is no designated line on Schedule K-1 (541). Attach a separate sheet for each item reported on line 11 showing the computation. Items that must be reported on this line include the allocable share, if any, of items listed on line 11a through line 11d.

**Line 11b** – Enter tax-exempt interest received by the estate or trust (including exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company).

**Line 11c** – Enter taxes paid to other states, reported on Schedule S, Other State Tax Credit.

**Note:** Attach a copy of the return filed with the other state, evidence of payment and a copy of Schedule S to support the amount of tax paid.

**Line 11d** – Enter on an attached schedule each beneficiary's allocable share of any credit or credit information that is related to a trade or business activity.

**Line 11e** – Enter any other item that is not included above such as:

- gross farming and fishing income;
- investment income (IRC Section 163(d)); or
- unused net operating loss carryover available for future years. Get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts, to figure the NOL carryover.



# Beneficiary's Instructions for Schedule K-1 (541)

## General Instructions

### Purpose of Schedule K-1 (541)

The estate or trust uses Schedule K-1 (541) to report your share of the estate's or trust's income, deductions, credits, etc. Your name, address and identifying number, as well as the estate's or trust's name, address and identifying number, should be entered on the Schedule K-1 (541). Please keep Schedule K-1 (541) for your records. **Do not** file it with your tax return. The estate or trust has filed a copy with the FTB.

You are subject to tax on your share of the estate's or trust's income, and you must include your share on your tax return.

Schedule K-1 (541), column (b), provides your federal Schedule K-1 (1041) amounts; column (c) provides your California adjustment amounts; and column (d) provides your California Schedule K-1 (541) amounts by combining column (b) and column (c).

Generally, the amount of loss and deduction you may claim is limited to your share of the estate or trust and the amount for which you are considered at risk. If you have losses, deductions or credits from a passive activity, you must also apply the passive activity rules. It is the beneficiary's responsibility to consider and apply any applicable limitations.

California law is generally the same as federal law with regard to income, the character of income, allocation of deductions, gifts and bequests, and past years. Follow the federal instructions for Schedule K-1 (1041) for these items.

### Specific Line Instructions

#### Line 3 through Line 10

You must report the amounts in column (c), California adjustments, that are from **nonpassive** activities on the appropriate California form or schedule as explained in these instructions.

Report the amounts in column (d), California amount, that are from **passive** activities on the appropriate California form or schedule. Get form FTB 3801, Passive Activities Loss Limitations, to transfer those amounts and to figure the amount of your passive activity loss limitation. Carry the passive activity amounts to the California form or schedule to figure your California adjustment amount. Enter this adjustment amount on the corresponding line on Schedule CA (540), California Adjustments — Residents, or Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, only if there is a federal/California difference.

If there is no California form or schedule to compute your passive activity loss adjustment amount on (i.e., rental loss from passive activities), you may figure the adjustment amount on the California Adjustment Worksheet in the instructions for form FTB 3801. Enter the total of your adjustments from line 7 of this work-

sheet from all passive activities on Schedule CA (540 or 540NR), line 17, column B or line 17, column C, whichever is appropriate.

#### Line 1 — Interest

Report on Schedule CA (540 or 540NR), line 8, column B or line 8, column C, whichever is appropriate, any amount shown on line 1, column (c).

#### Line 2 — Dividends

Report on Schedule CA (540 or 540NR), line 9, column B or line 9, column C, whichever is appropriate, any amount shown on line 2, column (c).

#### Line 3 — Net capital gain or (loss)

Report on Schedule D (540) any amount shown on line 3, column (d).

If there is an attachment to Schedule K-1 (541) that reports a disposition of a rental, rental real estate or passive activity, get form FTB 3801 for more information.

#### Line 4 — Business income and other non-passive income before directly allocable deductions

Use line 4 to report your share of business income and other non-passive income before directly allocable deductions that is NOT subject to any passive activity loss limitation rules at the beneficiary level.

Amounts on this line are other items of income, gain or (loss) not included on line 1 through line 3. The estate or trust should give you a description of the amount of your share for each of these items.

#### Line 5 — Rental, rental real estate and other passive income

Use line 5 to report your share of rental, rental real estate and other passive income that is subject to any passive activity loss limitation rules at the beneficiary's level.

Report loss items that are passive activity amounts to you on form FTB 3801.

Report income or gain items that are passive activity amounts to you as instructed below. If, in addition to this passive activity income or gain, you have passive activity losses from any source, also report the passive activity income or gain on form FTB 3801.

Line 5 items may include:

- gains from disposition of farm recapture property (get Schedule D-1, Sales of Business Property) and other items to which IRC Section 1252 applies;
- recoveries of bad debts, prior taxes and delinquency amounts (IRC Section 111). Report the amount from line 5, column (c), on Schedule CA (540 or 540NR), line 17, column B or line 17, column C, whichever is appropriate;
- gains and losses from wagers (IRC Section 165(d));
- specially allocated ordinary gain or (loss). Report this amount on Schedule D-1, line 10; and
- net gain or (loss) from involuntary conversions due to casualty or theft. The estate or trust will give you a schedule that shows

the California amounts to be entered on federal Form 4684, Casualties and Thefts, Section B, Part II, line 34, column (b)(i), column (b)(ii) and column (c).

See the federal "Line-by-Line Instructions" for Schedule K-1 (1041) to determine the proper allocation of income or loss.

**Ordinary income or (loss) from trade or business activities.** The amounts reported on line 5, column (d), are your share of the ordinary income or (loss) from the trade or business activities of the estate or trust. Generally, where you report this amount on Form 540 or Form 540NR depends on whether or not the amount is from an activity that is a passive activity to you.

If, in addition to this passive activity income, you have a passive activity loss from this estate or trust or from any other source, also report the income on form FTB 3801.

If a loss is reported on line 5, column (d), report the loss on the applicable line of form FTB 3801 to determine how much of the loss is allowable.

**Income or (loss) from rental real estate activities.** Generally, any income or (loss) reported in column (d), is a passive activity amount. There is an exception, however, for losses from a qualified low-income housing project. The loss limitations of IRC Section 469 do not apply to qualified investors in qualified low-income housing projects. The estate or trust will attach a schedule to identify such amounts, if applicable. You must report the California adjustment amount from column (c) on Schedule CA (540 or 540NR).

Use the following instructions to determine where to enter a line 5 amount.

If you have a loss in column (d) (other than a qualified low-income housing project loss), enter the loss on the applicable line of form FTB 3801 to determine how much of the loss is allowable. Your share of the loss may be eligible for the special \$25,000 allowance for rental real estate losses. Get the instructions for form FTB 3801 for more information.

**Note:** If you are a qualified investor reporting a qualified low-income housing project loss, report the California adjustment amount from column (c) on Schedule CA (540 or 540NR). If you have income in column (d), enter the California adjustment amount from column (c) on Schedule CA (540 or 540NR). If, in addition to this passive activity income, you have a passive activity loss from this estate or trust or from any other source, also report the column (d) income on form FTB 3801.

**Income or (loss) from other rental activities.** The amount in column (d) is a passive activity amount for all beneficiaries.

If the estate or trust has a residual interest in a REMIC, it will report on the statement your share of REMIC taxable income (net loss). Report the adjustment amount from column (c) on Schedule CA (540 or 540NR). The statement will also report your share of

"excess inclusion" and your share of IRC Section 212 expenses.

If you itemize your deductions on federal Schedule A (Form 1040), you may deduct these IRC Section 212 expenses as a miscellaneous deduction subject to the 2 percent adjusted gross income limit.

**Line 5a through line 5c – Tax preference items**

Report any tax preference attributable to depreciation, depletion or amortization separately on line 9a through line 9c.

**Line 8 –** Enter your share of adjustment for alternative minimum tax purposes on Schedule P (540 or 540NR).

**Line 9a through line 9c**

Report any column (d) amount on Schedule P (540 or 540NR).

**Line 9d – Exclusion items**

Report any column (d) amount on line 2 of the 1995 Form 3510, Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries.

**Line 10a – Excess deductions on termination**

Report any amount in column (c) on Schedule CA (540 or 540NR), line 36 as an addition or subtraction, whichever is appropriate.

**Line 10b – Capital loss carryover**

Report any capital loss carryovers from the final year of the estate or trust on line 4, column (d), of your Schedule D (Form 540).

**Line 11a – Trust payments of estimated tax credited to you**

Report on Form 540, line 39, or Form 540NR, line 48, any estimated tax payments paid by the trust on your behalf.

**Line 11b – Tax-exempt interest**

Report any column (c) amount on Schedule CA (540 or 540NR), line 8, column B or line 8, column C, whichever is appropriate.

**Line 11c – Taxes paid to other state**

You may claim a credit against your individual tax on your share of the net income tax paid to other states by the estate or trust. Get California Schedule S, Other State Tax Credit.

**Line 11d – Other credits**

If applicable, the estate or trust will use this line, through an attached statement, to give you the information you need to compute credits related to a trade or business activity.

Examples of credits that may be reported (depending on the type of activity they relate to) include:

- enterprise zone hiring and sales and use tax credit — get form FTB 3805Z;
- jobs credit — get form FTB 3524;
- orphan drug credit carryover — get form FTB 3540;
- program area hiring and sales and use tax credit — get form FTB 3805Z;
- research credit — get form FTB 3523;
- residential rental and farm sales credit carryover — get form FTB 3540;

- commercial solar electric system carryover — get form FTB 3540;
- employer child care program/ contribution credit — get form FTB 3501; and
- LARZ hiring and sales and use tax credit — get form FTB 3806.

**Note:** The passive activity limitations of IRC Section 469 may limit the amount of credits you may take. Credits that are related to rental activities of the estate or trust and are passive activity credits to the beneficiary are:

- low-income housing credit;
- credits related to rental real estate activities; and
- credits related to other rental activities.

Credits that may be limited under the passive activity credit rules are:

- jobs credit;
- orphan drug credit carryover;
- research credit; and
- low-income housing credit.

If you have an amount from any of the four credits listed above, transfer the amount in column (d) to the appropriate credit form, following its instructions for determining the passive activity loss limitation.

**Line 11e – Other**

Report any column (c) amount on Schedule CA (540 or 540NR), line 17, column B or line 17, column C, whichever is appropriate.

# 1995 Instructions for Form 541-ES

## Estimated Tax For Fiduciaries

### A Purpose of Form

Use Form 541-ES to figure and pay estimated tax for an estate or trust. Estimated tax is the amount of tax the fiduciary of an estate or trust expects to owe for the year after subtracting the amount of any tax withheld and the amount of any credits.

### B Who Must Make Estimated Tax Payments

Generally, a fiduciary of an estate or trust must make 1995 estimated tax payments if:

- less than 80 percent of the estate's or trust's 1994 tax was paid by withholding; or
- less than 80 percent of the estate's or trust's 1995 California adjusted gross income (AGI) will be wages subject to withholding; or
- less than 80 percent of the estate's or trust's 1995 tax will be paid by withholding.

An estate or trust is not required to make 1995 estimated tax payments if:

- the tax for 1994 (after subtracting withholding and credits) was less than \$100; or
- the tax for 1995 (after subtracting withholding and credits) will be less than \$100.

If the estate or trust must make estimated tax payments, use the Estimated Tax Worksheet on page 29 to figure the amount owed.

Estates, and any trust which was treated as owned by the decedent, that receive the residue of a decedent's estate under the will, or if no will is admitted to probate, a trust primarily responsible for paying debts, taxes and other expense of administration, are only required to make estimated tax payments for any tax year ending two or more years after the decedent's death.

### C Limit on Use of Prior Year's Tax

Some estates or trusts (other than farmers and fishermen) with income over a certain amount must make a special computation to figure their estimated tax payments. Although the estate or trust may use 100 percent of its 1994 tax to figure the amount of its first payment, it may not be able to use that amount to figure its remaining payments. To see if this special computation applies, complete line 1 through line 9b of the 1995 Estimated Tax Worksheet. Then, answer the questions below. If the answer to any question is "No", stop and read the instruction below question 3.

1. Did the estate or trust make any estimated tax payments for 1994, 1993 or 1992 OR was the estate or trust charged an estimated tax penalty for those years? (If either applies, answer "Yes.") . . . . . ☐ Yes ☐ No
2. Is the estate's or trust's 1995 AGI on line 1 of the worksheet more than \$75,000? . . . . . ☐ Yes ☐ No
3. Does the estate's or trust's 1995 modified AGI (defined in column 2) exceed the 1994 actual AGI by more than \$40,000? . . . . . ☐ Yes ☐ No

If the answer to any of the questions above was "No", the estate or trust does not have to make

the special computation. Instead, complete the rest of the Estimated Tax Worksheet.

If the answer to all three of the questions was "Yes", the estate or trust must make the special computation. Do not complete the rest of the Estimated Tax Worksheet. Instead, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries and follow the instructions for limiting the use of prior year's tax.

**Modified AGI.** For this purpose modified AGI means the current year's AGI modified as follows:

- Any "qualified pass through items" shown on the 1993 Form 541, California Fiduciary Income Tax Return, are treated as shown on the 1994 Form 541; and
- Disregard any gain from any voluntary conversion for the current year.

For this purpose only, a "qualified pass through item" is any item of income, gain, loss, deduction or credit attributable to an interest in a partnership, limited liability company (LLC) or S corporation; and does not include any gain or loss from the disposition of an interest in a partnership, LLC or S corporation.

### D When to Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If an estate or trust does not pay enough tax by the due date of each of the payment periods, it may be charged a penalty even if it is due a refund when it files its income tax return. The following chart gives the payment periods and due dates.

For the period . . . . .	The payment due date is
January 1 through March 31, 1995	April 17, 1995
April 1 through May 31, 1995	June 15, 1995
June 1 through August 31, 1995	Sept. 15, 1995
Sept. 1 through Dec. 31, 1995	Jan. 16, 1996

**Filing an Early Return in Place of the 4th Installment.** If an estate or trust files its 1995 tax return by February 1, 1996, and pays the entire balance due, then it does not have to make its last estimated tax payment.

**Annualized Option.** If the estate or trust does not receive its taxable income evenly during the year, it may be to its advantage to annualize the income. This method allows for the matching of estimated tax payments to the actual period when income is earned.

**Farmers and Fishermen.** If at least two thirds of gross income for 1994 or 1995 is from farming or fishing, the estate or trust may:

- pay the total estimated tax by January 16, 1996; or
- file Form 541 for 1995 on or before March 1, 1996 and pay the total tax due. In this case estimated tax payments are not due for 1995. Attach form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fisherman, to the front of Form 541.

**Fiscal Year.** If the estate or trust files its return on a fiscal year basis, the due dates will be the 15th day of the 4th, 6th and 9th months of the fiscal year and the first month of the following fiscal year.

If the due date is a Saturday, Sunday or legal holiday, substitute the next regular work day for the due date.

### E How to Figure Estimated Tax

#### Line 5 – Additional taxes

Enter any additional tax from:

- FTB 5870A, Tax on Accumulation Distribution of Trusts;
- IRC Section 644 tax on trusts; or
- IRC Section 453A tax.

#### Line 7 – Credits

For more information on credits you may claim, see the instructions for Form 541, line 22 on page 5.

### F How to Use Form 541-ES Payment Voucher

Use the Estimated Tax Worksheet and the 1994 California income tax return as a guide for figuring the estate's or trust's estimated tax. On line 1 of the Form 541-ES payment voucher, enter the amount from line 12 of the worksheet less any overpaid tax on the 1994 tax return that was applied toward 1995 as an estimated tax payment.

If part of the estimated tax from form 541-ES to be allocated to the beneficiaries per IRC Section 643 (g), attach a copy of federal Form 1041-T.

Enter the estate's or trust's complete name, address, federal employer identification number and name and title of the fiduciary in the spaces provided. If the estate or trust files its return on a fiscal year basis, enter the month and year ending in the space provided.

Make the check or money order payable to "Franchise Tax Board." Enter the estate's or trust's F.E.I.N. and "Form 541-ES 1995" on the check or money order. Mail the estimated tax payment voucher together with the check or money order to:

**Franchise Tax Board  
541-ES Unit  
P.O. Box 942867  
Sacramento, CA 94267-0031**

### G Failure to Make Estimated Tax Payments

If an estate or trust is required to make estimated tax payments and does not, or if it underpays any installment, a penalty will be assessed (with certain exceptions) for that portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of the tax return, whichever is earlier. For more information, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

## 1995 Estimated Tax for Fiduciaries

541-ES

For Privacy Act Notice, see form FTB 1131. File only if you are making a payment of estimated tax.

Make the check or money order payable to "**Franchise Tax Board.**" Mail this voucher with check or money order to **Franchise Tax Board, 541-ES Unit, P.O. Box 942867, Sacramento, CA 94267-0031.** Do not combine this payment with payment of the tax due for 1994. Please write the F.E.I.N. and "Form 541-ES 1995" on the check or money order.

**Payment Voucher 1**

(Calendar year — Due April 17, 1995)

Federal employer identification number		1 Amount of payment \$ <input type="text"/> 00		<b>5 4 1</b>
Name of estate or trust				
Name and title of fiduciary		2 Fiscal year filers, enter year ending <input type="text"/>		
Address (number and street)		(month and year)		
City, state and ZIP code				

CUT HERE

## 1995 Estimated Tax for Fiduciaries

541-ES

For Privacy Act Notice, see form FTB 1131. File only if you are making a payment of estimated tax.

Make the check or money order payable to "**Franchise Tax Board.**" Mail this voucher with check or money order to **Franchise Tax Board, 541-ES Unit, P.O. Box 942867, Sacramento, CA 94267-0031.** Do not combine this payment with payment of the tax due for 1994. Please write the F.E.I.N. and "Form 541-ES 1995" on the check or money order.

**Payment Voucher 2**

(Calendar year — Due June 15, 1995)

Federal employer identification number		1 Amount of payment \$ <input type="text"/> 00		<b>5 4 1</b>
Name of estate or trust				
Name and title of fiduciary		2 Fiscal year filers, enter year ending <input type="text"/>		
Address (number and street)		(month and year)		
City, state and ZIP code				

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## 1995 Estimated Tax for Fiduciaries

541-ES

For Privacy Act Notice, see form FTB 1131. File only if you are making a payment of estimated tax.

Make the check or money order payable to "**Franchise Tax Board.**" Mail this voucher with check or money order to **Franchise Tax Board, 541-ES Unit, P.O. Box 942867, Sacramento, CA 94267-0031.** Do not combine this payment with payment of the tax due for 1994. Please write the F.E.I.N. and "Form 541-ES 1995" on the check or money order.

**Payment Voucher 3**

(Calendar year — Due September 15, 1995)

Federal employer identification number		1 Amount of payment \$ <input type="text"/> 00		<b>5 4 1</b>
Name of estate or trust				
Name and title of fiduciary		2 Fiscal year filers, enter year ending <input type="text"/>		
Address (number and street)		(month and year)		
City, state and ZIP code				

**1995 Estimated Tax Worksheet. Do not file — keep for your records.**

<b>1</b>	Enter amount of adjusted total income you expect in 1995 . . . . .	<b>1</b>	_____
<b>2</b>	Enter income distribution deduction . . . . .	<b>2</b>	_____
<b>3</b>	Taxable income of fiduciary. Subtract line 2 from line 1 . . . . .	<b>3</b>	_____
<b>4</b>	Tax. Figure the amount by using the 1994 tax rate schedule . . . . .	<b>4</b>	_____
<b>5</b>	Additional taxes. See instructions . . . . .	<b>5</b>	_____
<b>6</b>	Total. Add line 4 and line 5 . . . . .	<b>6</b>	_____
<b>7</b>	Credits . . . . .	<b>7</b>	_____
<b>8</b>	Total. Subtract line 7 from line 6 . . . . .	<b>8</b>	_____
<b>9</b>	<b>a</b> Enter 80% (66 2/3% for farmers and fishermen) of line 8 . . . . . <b>9a</b> _____		
	<b>b</b> Enter 100% of the tax shown on your 1994 Form 541 . . . . . <b>9b</b> _____		
	<b>c</b> Enter the smaller of line 9a or line 9b . . . . . <b>9c</b> _____		
<b>10</b>	California income tax withheld and estimated to be withheld during 1995 . . . . .	<b>10</b>	_____
<b>11</b>	Estimated tax. Subtract line 10 from line 9c. If less than \$100, no payment is required . . . . .	<b>11</b>	_____
<b>12</b>	Divide line 11 by 4. This is the amount of your required installment. See the instructions if you will earn the income at an uneven rate during the year . . . . .	<b>12</b>	_____

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TAXABLE YEAR

CALIFORNIA FORM

**1995 Estimated Tax for Fiduciaries**

**541-ES**

For Privacy Act Notice, see form FTB 1131. File only if you are making a payment of estimated tax.

Make the check or money order payable to **"Franchise Tax Board."** Mail this voucher with check or money order to **Franchise Tax Board, 541-ES Unit, P.O. Box 942867, Sacramento, CA 94267-0031.** Do not combine this payment with payment of the tax due for 1994. Please write the F.E.I.N. and "Form 541-ES 1995" on the check or money order.

**Payment Voucher 4**

(Calendar year — Due January 16, 1996)

Federal employer identification number		<div style="border: 2px solid black; padding: 10px; text-align: center;"> <b>5 4 1</b> </div>	
Name of estate or trust			
Name and title of fiduciary			
Address (number and street)			
City, state and ZIP code		<b>1</b> Amount of payment <div style="border: 1px solid black; padding: 5px;"> \$ _____ 00 </div>	<b>2</b> Fiscal year filers, enter year ending <div style="border: 1px solid black; padding: 5px;"> ____ _  (month and year) </div>

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# Instructions for Automatic Extension for Fiduciaries

1994

3563

## General Information

If the estate or trust cannot file its California fiduciary return by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers), it may file its fiduciary return on or before the 15th day of the tenth month following the close of the taxable year (fiscal year filers) or October 16, 1995 (calendar year filers), without filing a written request for extension.

However, to avoid late payment penalties and interest, 100 percent of the estate's or trust's tax liability must be paid by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers).

Complete the tax payment worksheet below to see if any additional taxes are due. **Do not send in the voucher if no payment is due.**

Save the completed worksheet as a permanent part of the estate's or trust's tax records along with the copy of the return.

**DO NOT SEND THE PAYMENT VOUCHER.** The estate or trust will automatically qualify for an extension. The fiduciary return when filed by the 15th day of the tenth month following the close of the taxable year (fiscal year filers) or October 16, 1995 (calendar year filers), will verify that the estate or trust qualified for the extension.

If the amount on line 1 is more than the amount on line 3, then the estate's or trust's tax is more than their payments and credits. The estate or trust has tax due. Subtract the amount on line 3 from the amount on line 1.

Enter the tax due on line 4 and on the form FTB 3563 voucher below and **mail only the voucher portion** with payment to:

**Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051**

## Penalties And Interest

Remember, an extension of time to file the estate's or trust's fiduciary return is not an extension of time to pay the tax. If the estate or trust fails to pay its total tax liability by the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers), a late payment penalty plus interest will be added to the tax due. If after the 15th day of the fourth month following the close of the taxable year (fiscal year filers) or April 17, 1995 (calendar year filers), the estate or trust finds that its estimate of tax due was too low, it should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay the estimated additional tax with another form FTB 3563 voucher.

If the estate's or trust's fiduciary return is not filed by the 15th day of the 10th month following the close of the taxable year (fiscal year filers) or October 16, 1995 (calendar year filers), a late filing penalty and interest will be assessed.

## How To Complete The Tax Payment Worksheet

- Line 1** – Enter the total tax the estate or trust expects to owe. This is the amount the estate or trust expects to enter on Form 541, line 26.
- Line 2** – Enter the estate's or trust's total payments and credits on the following lines:
- 2a – California income tax withheld
  - 2b – California estimated tax payments and amount applied from 1993 Form 541
  - 2c – Other payments and credits, including any tax payments made with any previous 1994 form FTB 3563 voucher.
- Line 3** – Add line 2a through line 2c. Enter the result on line 3.
- Line 4** – Tax due. If the amount on line 3 is more than the amount on line 1, then the estate's or trust's payments and credits are more than their tax. The estate or trust has no tax due.

## TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax the estate or trust expects to owe . . . . .	1	
2 Payments and credits:		
a California income tax withheld . . . . .	2a	
b California estimated tax payments and amount applied from 1993 Form 541 . . . . .	2b	
c Other payments and credits . . . . .	2c	
3 Total tax payments and credits — Add line 2a through line 2c . . . . .	3	
4 Tax due. If line 3 is more than line 1, see instructions. If line 1 is more than line 3, subtract line 3 from line 1. Enter the result here and on the voucher below. . . . .	4	

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TAXABLE YEAR

# Payment Voucher for Automatic Extension for Fiduciaries

CALIFORNIA FORM

1994

3563

Name of estate or trust	Federal employer identification number
Name and title of fiduciary	Fiscal year filers, enter year ending
Present address (number and street including apartment number, P.O. Box or rural route)	5 E 4 X 1 T
City, town or post office, state and ZIP code	

**IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM**

**MAIL TO:** Franchise Tax Board  
P.O. Box 942867  
Sacramento, CA 94267-0051

(Calendar year — Due April 17, 1995)

Amount of payment	
\$	00

**Payment Voucher 5**

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## Regular Toll-Free Phone Service

Our regular toll-free telephone service is available from 7:00 a.m. until 8:00 p.m. Monday through Friday from January 3 through April 17, 1995. The best times to call are between 7:00 and 10:00 in the morning and between 7:00 and 8:00 in the evening. Service is also available on Saturdays, April 8 and April 15, from 8:00 a.m. until 5:00 p.m. After April 17, service is available Monday through Friday, between 8:00 a.m. and 5:00 p.m.

From within the United States,  
call . . . . . 1-800-852-5711  
From outside the United States,  
call . . . . . 1-916-845-6500  
(not toll-free)

For hearing impaired with  
TDD . . . . . 1-800-822-6268

For federal tax questions, call the IRS at  
1-800-829-1040.

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## Your Rights as a Taxpayer

Our goal at the FTB is to make certain that your rights are protected, so that you will have the highest confidence in the integrity, efficiency and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program and how you can request written advice from the FTB on whether a particular transaction is taxable. You can order FTB Pub. 4058 by writing or calling the FTB using the address or telephone number on this page.

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## Letters

We can serve you quickly if you call us or visit a district office for information to complete your California income tax return, or to find out about your tax refund. However, you may want to write to us if you are replying to a notice we sent you, or to get a reply in writing.

If you write to us, be sure to include your federal identification number and your daytime and evening telephone numbers and a copy of the notice in your letter. Send your letter to:

**Franchise Tax Board  
P.O. Box 942840  
Sacramento, CA 94240-0040**

We will acknowledge receipt of your letter within six to eight weeks. In some cases, we may need to call you for additional information.

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## Where to Get Tax Forms

**In person** – You can get California tax forms at the FTB district offices listed below. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries, post offices, banks and quick print businesses cannot provide tax information or assistance.

**By phone** – Call our toll-free phone numbers listed under "Regular Toll-Free Phone Service" to get the California tax forms you need.

**By mail** – We will send you two copies of each tax form and one copy of each set of instructions you order. Please allow two weeks to receive your order. Address your envelope to:

**Franchise Tax Board  
Tax Forms Request Unit  
P.O. Box 307  
Rancho Cordova, CA 95741-0307**

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## Personal Assistance

### District Offices

	Address
Bakersfield . . . . .	1430 Truxtun Avenue
Burbank . . . . .	333 North Glenoaks Boulevard
Fresno . . . . .	2550 Mariposa Street
Long Beach . . . . .	245 West Broadway
Los Angeles . . . . .	300 South Spring Street
Oakland . . . . .	1970 Broadway
Sacramento . . . . .	8745 Folsom Boulevard
San Bernardino . . . . .	215 North D Street
San Diego . . . . .	5353 Mission Center Road
San Francisco . . . . .	Office to be relocated*
San Jose . . . . .	600 West Santa Ana Boulevard
Santa Ana . . . . .	96 North Third Street
Santa Barbara . . . . .	360 South Hope Avenue
Santa Rosa . . . . .	50 D Street
Stockton . . . . .	31 East Channel Street
West Covina . . . . .	100 North Barranca Street

\* For address information, call our **F.A.S.T.** toll-free phone number at 1-800-338-0505 (enter code 214 after you reach the number).

You must have a push-button tone phone to use **F.A.S.T.** If you have a rotary dial or other non-tone phone, see the "Regular Toll-Free Phone Service" information. **F.A.S.T.** is available 24 hours a day.